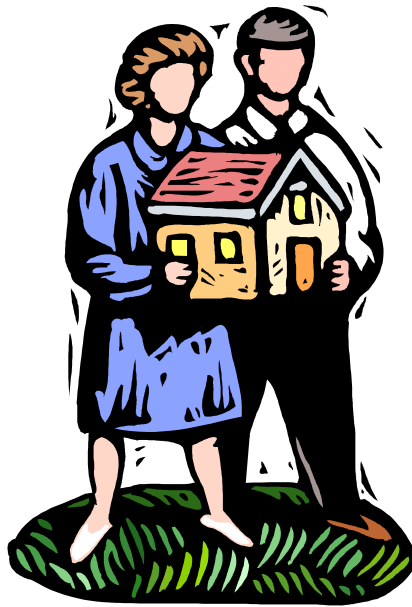


2005 North Carolina Consolidated Plan



Amended 11/22/04, 1/24/05, & 5/9/06

Participating Agencies:

North Carolina Division of Community Assistance

North Carolina Housing Finance Agency

North Carolina Department of Health and Human Services, Office of Economic Opportunity

North Carolina Department of Health and Human Services, AIDS Care Unit

Table of Contents

Executive Summary.....	3
Consolidated Planning Process.....	4
Resources & Programs to Meet North Carolina’s Housing Needs	5
North Carolina’s Housing Resources	5
North Carolina’s Housing Programs.....	6
Table: Housing Resources by Funding Source & Administrating Agency	6
North Carolina’s Housing Needs	7
Geographic Distribution.....	8
Matching Requirements	8
Housing Activities to be Undertaken.....	9
Table: Federal Funding through the core programs, and Households Assisted	9
Summary of Households to be Assisted	11
Chart: Most of the Funding will be Used for High Priority Needs	11
Chart: Most of the Households to be Assisted are High Priority Needs Households	11
Housing and Service-Related Objectives	11
Other Actions	13
Fair Housing Activities	13
Anti-Poverty Strategies	14
Capacity Building and Technical Assistance	14
Interagency Collaboration & Coordination	16
Addressing Weaknesses in the Current Housing Delivery System	17
Legislative Initiatives	18
Lead-Based Paint Hazard Activities.....	18
Descriptions of Programs	20
AIDS Care Unit Programs.....	20
DCA Programs	21
NCHFA Programs	23
OEO Programs	26
CDBG Program Report	27
ESG Program Report.....	33
HOME Program Report.....	36
HOPWA Program Report.....	40
Public Participation	42
Applications and Certifications	49

Executive Summary

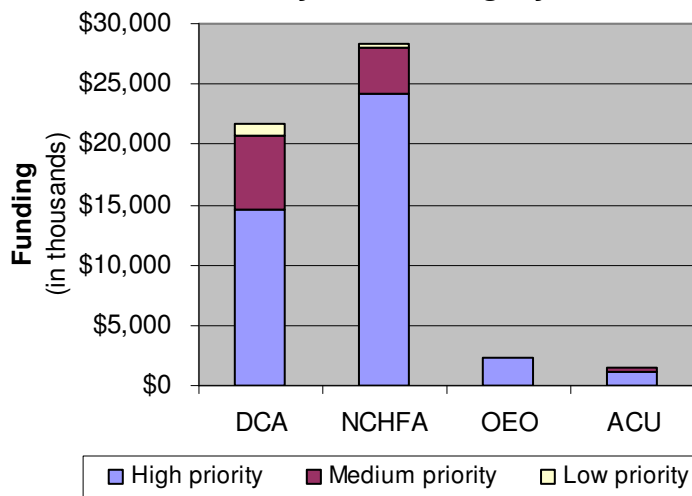
This document serves as North Carolina's application to the U.S. Department of Housing and Urban Development for the following funding for housing-related projects:

- \$21.7 million in Community Development Block Grant (CDBG) funds, to be administered by the Department of Commerce, Division of Community Assistance,
- \$19 million in HOME Investment Partnership Program (HOME) funds and \$1million in American Dream Downpayment Initiative (ADDI) funds, to be administered by the North Carolina Housing Finance Agency,
- \$2.082 million in Housing Opportunities for Persons With AIDS (HOPWA) funds, to be administered by the Department of Health and Human Services, AIDS Care Unit, and
- \$2.35 million in Emergency Shelter Grant (ESG) funds, to be administered by the Department of Health and Human Services, Office of Economic Opportunity.

The State's housing needs have been prioritized in the following categories:

- | | | |
|--|--|--|
| <p><u><i>High Priority Need</i></u></p> <ul style="list-style-type: none"> ▪ Existing Homeowners Earning 0-30% of Median Family Income ▪ Homeless Families and Individuals ▪ Nonhomeless Persons with Special Needs Earning 0-50% of Median Family Income ▪ Renters Earning 0-50% Median Family Income | <p><u><i>Medium Priority Need</i></u></p> <ul style="list-style-type: none"> ▪ Existing Homeowners Earning 31-50% Median Family Income ▪ Nonhomeless Persons with Special Needs Earning 51-80% of Median Family Income ▪ Renters Earning 51-80% of Median Family Income | <p><u><i>Lower Priority Need</i></u></p> <ul style="list-style-type: none"> ▪ Existing Homeowners Earning 51-80% Median Family Income |
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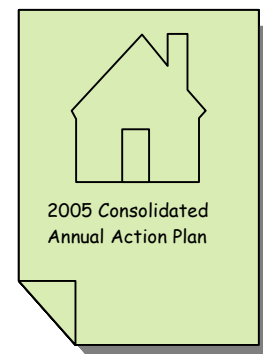
**Distribution of Funds by
Priority Need Category**



From four federal programs, 78% of the funds are targeted to households in a High Priority Need category, 19% are targeted to households in a Medium Priority Need category, and 3% are targeted to households in a Low Priority Need category.

The Consolidated Planning Process

The Consolidated Plan serves as the application for the State to receive federal funds for four programs: the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Shelter Grants Program (ESG), and the Housing Opportunities for Persons with AIDS Program (HOPWA). It is a collaborative effort between the four state agencies receiving the funds from the U.S. Department of Housing and Urban Development. In addition to being an application, the Consolidated Plan serves as a planning document that addresses the major housing and community development needs affecting North Carolina communities, determines priorities for addressing those needs, and lays out an annual strategy for using the resources available. Although the state cannot meet all of the need, it can strategically invest its limited resources to address and alleviate some of the need.



Three basic goals underlie the Consolidated Plan:

- to provide decent and affordable housing,
- to provide a suitable living environment, and
- to expand economic opportunity.

The primary means through which these goals are achieved is the provision of affordable housing. Each agency operates programs that help to fulfill these goals, while meeting housing and service-related needs statewide.

The first step in the planning process was the creation of the *North Carolina Consolidated Plan 2001-2005*, in which major housing and community development needs affecting the state were identified. Where available, quantitative data on needs were examined. The plan was also built on the state's experience in administering the four programs. The 2005 Consolidated Annual Action Plan is based on the *North Carolina Consolidated Plan 2001-2005* and the priority needs identified in that plan.

This draft was made available for review after September 20, 2004 on the website of the Division of Community Assistance at www.ncdca.org. Copies of the plan were distributed to federal depository libraries across the state. Furthermore, copies of the plan were available by contacting DCA. A public hearing was held on October 7, 2004 and comments received on this draft through October 22, 2004. The final draft was submitted to the U.S. Department of Housing and Urban Development on November 15, 2004.

Resources & Programs to Meet North Carolina's Housing Needs

North Carolina's Housing Resources

(Section 91.220(b)(1))

This year, the State proposes to assist over 5,800 households and 36,000 homeless individuals through the four Department of Housing and Urban Development programs that fund the construction/rehabilitation of housing units, home buyer assistance for existing housing, rental assistance and some housing-related services. These 4 programs are:



- **The Small Cities Community Development Block Grant Program (CDBG)**

Funds help local governments improve the housing stock and infrastructure of deteriorating residential neighborhoods, support public services and homeownership programs, install water and sewer facilities for residential areas or job-creating industrial sites, provide loans to large and small businesses, and increase the capacity of local non-profits to assist local governments in the furtherance of these goals. The N.C. Department of Commerce's Division of Community Assistance (DCA) administers CDBG funds for community development activities, while funds for economic development activities are administered by the N.C. Commerce Finance Center, except for Entrepreneurial Assistance grants, which are being administered in 2005 by DCA. The State expects to issue grants totaling approximately \$21.7 million in CDBG funds for housing related activities in 2005.

- **The HOME Investment Partnerships Program (HOME) and The American Dream Downpayment Initiative Program (ADDI)**

HOME Funds help local governments, nonprofit organizations, and for-profit developers build or improve affordable housing. ADDI Funds help low-income first-time homebuyers to purchase affordable homes. Both HOME and ADDI are administered by the N.C. Housing Finance Agency. The State expects to receive \$19 million in HOME funds and \$1 million in ADDI funds during 2005.

- **The Emergency Shelter Grants Program (ESG)**

Funds help local governments and nonprofit organizations support emergency shelters and transitional housing for the homeless, provide essential services, and prevent homelessness. ESG is administered by the Office of Economic Opportunity in the N.C. Department of Health and Human Services. The State expects to receive \$2.35 million in ESG funds during 2005.

- **Housing Opportunities for Persons With AIDS Program (HOPWA)**

Funds help nonprofit agencies meet the housing needs of persons living with AIDS or related diseases, and their families. The AIDS Care Unit in the N.C. Department of Health and Human Services administers HOPWA. The State expects to receive \$2,082,000 in HOPWA funds during 2005.

To conduct housing-related activities, the State uses nonfederal as well as federal funds. The available funding sources can be categorized as follows:

Federal

- Community Development Block Grant Program (CDBG)
- Emergency Shelter Grants Program (ESG)
- HOME Investment Partnership Program (HOME)
- Housing for Persons with AIDS Program (HOPWA)

State

- North Carolina Housing Trust Fund (HTF) and HOME Match funds appropriated by the General Assembly

Private Resources

- Housing Credits
- Mortgage Credit Certificates
- Mortgage Revenue Bonds

North Carolina's Housing Programs

(Section 91.220(b)(2))

Housing Resources by Funding Source & Adminstrating Agency					
	Name of Program	Administering Agency	Anticipated Funding for FY 05 (in \$000s)	Program Directly Administered?	Not administered directly, funds are distributed to...
Federal Funds					
CDBG ⁽¹⁾	Small Cities Community Development Block Grant Program	Division of Community Assistance	21,747	No	Units of local government in non-entitlement areas
ESG ^{*(2)}	Emergency Shelter Grants Program	Office of Economic Opportunity	2,359 <i>FY 2005-2006</i>	No	Nonprofit organizations and units of local government
HOME & ADDI	Down Payment Assistance Program	NCHFA	1,260	No	Private mortgage lenders
HOME	IDA Loan Pool Program	NCHFA	1,000	No	Nonprofit organizations and units of local government
HOME	New Homes Loan Pool Program	NCHFA	3,000	No	Nonprofit organizations and units of local government
HOME	NCHFA/USDA-Rural Development Leveraging Program ⁽³⁾	NCHFA	10,000	No	USDA
HOME	Rental Production Program	NCHFA	9,700	Yes	
HOME	Rental Preservation Loan Program ⁽³⁾	NCHFA	10,000	Yes	
HOME	Self-Help Housing Program	NCHFA	2,000	No	Self-help housing organizations
HOME	Single-Family Rehabilitation Program	NCHFA	8,000	No	Units of local government, nonprofits and regional agencies
HOME	Supportive Housing Development Program	NCHFA	3,500	Yes	
HOPWA*	Housing Opportunities for Persons with AIDS Program	AIDS Care Unit	2,082	No	HIV Care consortia, nonprofit housing, service and adult day care providers, family home care operators, and housing authorities
Nonfederal Public Resources (State Funds)					
HTF and HOME Match	Rental Production Program	NCHFA	4,300	Yes	
HTF	Supportive Housing Development Program	NCHFA	1,500	Yes	
HTF and Other Agency Funds	Urgent Repair Program	NCHFA	2,500	No	Units of local government, nonprofits and regional agencies
Private Resources					
Housing Tax Credits ^{*(4)(5)}	Federal and State Housing Credits	NCHFA	183,000	Yes	
Mortgage Credit Certificate*	Private Activity Volume Cap Allocation	NCHFA	24,400	No	Private mortgage lending institutions statewide
Mortgage Revenue Bonds*	Mortgage Loan Program	NCHFA	215,000	No	Private mortgage lending institutions statewide

(1) The CDBG funds in this table and this report are only those funds designated strictly for housing activities; CDBG funds used in the economic development, infrastructure (excluding hook-ups), urgent needs, and capacity building categories are not included. Total dollar amounts are also exclusive of administration and technical assistance costs.

(2) Must be used for shelter operations, client services and homeless prevention

(3) These new programs are being considered by NCHFA, but have not yet been approved by the Agency's Board of Directors.

(4) Includes 4% bonds.

(5) Figure is equity generated, not credits allocated.

* These programs have funding that must be used for a specific housing-related activity and/or must be targeted for specific populations (nondiscretionary funding). The other programs' funding may have income restrictions, but the types of housing activity and target population are not restricted (discretionary funding).

These funds, along with other private resources, are expected to be available in 2005 to address the program goals, priority needs, and specific objectives described in this plan. The state and private resources, especially the Mortgage

Revenue Bonds, Federal and State Housing Credits and Housing Trust Fund, will be used in conjunction with federal HOME and CDBG funds to develop rental housing, rehabilitate existing housing, and provide homebuyer assistance to first-time home buyers. For a complete list of housing and service-related programs administered by these agencies, see the *Descriptions of Programs* section.

North Carolina's Housing Needs

For the benefit of the U.S. Department of Housing and Urban Development, our partnering agencies, and the public, the State is asked to draft a housing strategy every five years. The purpose of the strategy is to outline the State's plans for the next five years for meeting housing and community development needs. The priority needs are based upon housing and population information captured from census data special tabulations, which yield the incidence of certain housing problems (overcrowding, inadequate plumbing facilities, cost burden, etc.) among the population. A five-year plan also sets the framework from which each year's annual action plan can be drawn. The Annual Action Plan further details how the State will accomplish its five-year goals during annual program cycles.



This cycle's five-year strategy, called the *North Carolina Consolidated Plan 2001-2005*, was submitted to the U.S. Department of Housing and Urban Development in November 2000. Because census data from the 2000 Census had not yet been tabulated, the incidence of housing problems, and thus the priority housing needs, was based upon 1990 census data. Those needs are listed below in alphabetical order and were determined based upon the incidence of housing problems and the total number of households affected in each category. Because the State cannot possibly meet all of the housing needs with its limited resources, when determining those priority needs it also considered strategic investment and the appropriateness of resources available to realistically meet the needs.

State Housing Priorities*

High Priority Need

- Existing Homeowners Earning 0-30% of Median Family Income
- Homeless Families and Individuals
- Nonhomeless Persons with Special Needs Earning 0-30% and 31-50% of Median Family Income
- Renters Earning 0-30% and 31-50% Median Family Income

Medium Priority Need

- Existing Home Owners Earning 31-50% Median Family Income
- Nonhomeless Persons with Special Needs Earning 51-80% of Median Family Income
- Renters Earning 51-80% of Median Family Income

Lower Priority Need

- Existing Home Owners Earning 51-80% Median Family Income

**For more detailed information on housing needs, see Housing Assistance Needs of Very-Low-, Low- and Moderate-Income Households, Table 20, page 86 of the 2001-2005 Consolidated Plan.*

The State will use the federal, state and private resources detailed in this plan to help meet some of the needs above by undertaking a range of activities during the 2005 program year. It should be noted that funding to those families and individuals displaced by the 2000 flooding in Eastern North Carolina will no longer be considered a priority need. Most families and individuals affected by the disaster have found permanent housing with the help of a variety of funding sources.

In 2001, the North Carolina Department of Commerce initiated the 21st Century Communities program. The purpose of this program is to support those counties that need assistance in positioning themselves more effectively for community and economic development. The North Carolina Department of Commerce accomplishes this goal by providing funding priority for selected counties above and beyond existing programs such as the William Lee Act. Ten counties were selected in 2002 for the first round of designation. The second round of 21st Century Communities were awarded

in 2004; they are Caswell, Hertford/Northampton (joint designation), Hoke, Mitchell, and Washington counties. These designations will be in effect for 2005.

Geographic Distribution (Section 91.220 (d))

Each program has a unique method of geographic distribution. The funding for the Community Development Block Grant Program is directed to nonentitlement communities across the state. The program funding through the Emergency Shelter Grants Program, HOME Program, and the HOPWA Program is distributed statewide. The funding for the North Carolina Housing Trust Fund, appropriated by the General Assembly, is distributed statewide through programs of the North Carolina Housing Finance Agency.

Matching Requirements

The table below lists the federal and/or state matching funds requirements for each of the programs.

Program	Federal Matching Requirement	State Matching Requirement
CDBG	The State is required to provide an annual 1:1 match for federal administrative funds. The requirement is met by the State paying non-CDBG staff salaries.	Concentrated Needs applications are rated for local commitment, though no local match is required for funding. In the Economic Development Program, all local governments except Tier 1 counties are required to provide a 25% match for the grant. Entrepreneurial Assistance grantees are required to make a 10% local match. A 5% match is required for Infrastructure grants, though that is waived for 21 st Century Communities.
ESG	The State is required to match Emergency Shelter Grant funding received annually with an equal amount of funding from other sources. This requirement is passed to state grant recipients as allowed by ESG program regulations.	Each grantee must match the funding provided by the State with an equal amount of funds or voluntary efforts.
HOME	25% match required. This is a requirement of the State as a Participating Jurisdiction but it is not passed on to recipients under the state programs that are funded with HOME. Some of the State's required match is appropriated by the General Assembly. The NCHFA provides the rest of the match.	There is no match requirement imposed by the State.
ADDI	There are no federal match requirements for the 2005 ADDI funds.	There is no match requirement imposed by the State.
HOPWA	There are neither federal nor state match requirements for this program.	

Housing Activities to be Undertaken

The two tables *Federal Funding through the Core Programs*, below and on the following pages, show how the four core programs will be used. The tables show the funding amounts (in thousands of dollars) allocated for each priority need category (low, medium, high) and show the number of households and individuals to be assisted. In reviewing the tables, it is important to recognize that the state considered strategic investment of its limited resources through its programs, as well as the appropriateness of the resources available to address the priority need categories.

ESG and HOPWA will be used to assist households and individuals with housing related services and tenant-based rent assistance (both short- and long-term). CDBG and HOME are primarily used to produce or rehabilitate housing, provide homebuyer assistance, and develop infrastructure required for housing development.

Federal Funding through the Core Programs – Rent Assistance and Housing-Related Services

Priority	Agency	Funding Source	Program	Activity	Anticipated Funding in \$000s	Actual Households/ Individuals Assisted
High Priority Needs						
Assist Homeless Families and Individuals	OEO	ESG	ESG	Support Funding for Homeless Service Providers*	\$2,359	6,000 households and 30,000 individuals
Assist Non Homeless with Special Needs Earning 0-30% and 31-50% Median Family Income	ACU	HOPWA	HOPWA	Rent Assistance**	\$1,135	1,419
Assist Renters Earning 0-30% and 31-50% Median Family Income	DCA	CDBG	Housing Development (IDA)	Downpayment Assistance	\$53	15
Assist Renters Earning 0-30% and 31-50% Median Family Income	NCHFA	HOME	Disaster Tenant Based Rent Assistance	Rent Assistance	\$25	39
Total High Priority					\$3,572	37,473
Medium Priority Needs						
Assists Renters Earning 51-80% Median Family Income	DCA	CDBG	Housing Development (IDA)	Downpayment Assistance	\$197	60
Assist Non-Homeless with Special Needs Earning 51-80% Median Family Income	ACU	HOPWA	HOPWA	Rent Assistance**	\$378	474
Total Medium Priority					\$575	534
TOTAL					\$4,147	38,007

* Funding to assist with operating costs of homeless shelters, provision of services to homeless clients and homeless prevention activities.

**For HOPWA, "rent assistance" includes short term rent, mortgage, and utility payments (STRMU) as well as tenant-based rent assistance (TBRA).

Federal Funding through the Core Programs – Housing Acquisition, Rehabilitation, Production, and Related Infrastructure

Priority	Agency	Funding Source	Program	Activity	Anticipated Funding in \$000s	Anticipated Households Assisted
High Priority Needs						
Assist Homeless Families and Individuals	DCA	CDBG	Housing Development	Related Infrastructure	\$59	2
Assist Existing Homeowners Earning 0-30% Median Family Income	DCA	CDBG	Concentrated Needs	Rehabilitation	\$2,306	500
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$491	54
	DCA	CDBG	Scattered Sites	Rehabilitation	\$5,728	186
	DCA	CDBG	Infrastructure	Utility Hook-Up	\$569	236
	NCHFA	HOME	Single Family Rehab Program	Rehabilitation	\$1,354	64
Assist Non Homeless with Special Needs Earning 0-30% and 31-50% Median Family Income	DCA	CDBG	Concentrated Needs	Rehabilitation	\$172	37
	DCA	CDBG	Housing Development	New Construction	\$337	11
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$36	4
	DCA	CDBG	Scattered Sites	Rehabilitation	\$427	14
	NCHFA	HOME	Rental Production Program	New Construction, Rehabilitation*	\$434	36
Assist Renters Earning 0-30% and 31-50% Median Family Income	DCA	CDBG	Concentrated Needs	Rehabilitation	\$964	209
	DCA	CDBG	Housing Development	New Construction, Related Infrastructure	\$807	27
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$205	22
	DCA	CDBG	Scattered Sites	Rehabilitation	\$2,394	78
	NCHFA	HOME & ADDI	Downpayment Assistance Program	Homebuyer Assistance	\$672	96
	NCHFA	HOME	New Homes Loan Pool	Homebuyer Assistance	938	68
	NCHFA	HOME	RD Leveraging Program	Homebuyer Assistance	\$5,000	100
	NCHFA	HOME	Rental Production Program	New Construction, Rehabilitation	\$11,371	760
	NCHFA	HOME	Rental Preservation Loan Program	Rehabilitation	\$3,000	100
	NCHFA	HOME	Self Help Program	Homebuyer Assistance	\$1,323	72
Total High Priority					\$38,587	2,676
Medium Priority Needs						
Assist Existing Homeowners Earning 31-50% Median Family Income	DCA	CDBG	Concentrated Needs	Rehabilitation	\$960	218
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$196	26
	DCA	CDBG	Scattered Sites	Rehabilitation	\$3,323	88
	DCA	CDBG	Infrastructure	Utility Hook-Up	\$279	97
	NCHFA	HOME	Single Family Rehab Program	Rehabilitation	\$1,022	48
Assist Non-Homeless with Special Needs Earning 51-80% Median Family Income	DCA	CDBG	Concentrated Needs	Rehabilitation	\$71	16
	DCA	CDBG	Housing Development	New Construction, Related Infrastructure	\$165	11
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$14	2
Assists Renters Earning 51-80% Median Family Income	DCA	CDBG	Housing Development	New Construction	\$427	29
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$82	11
	DCA	CDBG	Concentrated Needs	Rehabilitation	\$401	91
	NCHFA	HOME & ADDI	Downpayment Assistance Program	Homebuyer Assistance	\$903	129
	NCHFA	HOME	IDA Loan Pool Program	Homebuyer Assistance	\$1,000	50
	NCHFA	HOME	New Homes Loan Pool	Homebuyer Assistance	\$1,350	97
	NCHFA	HOME	RD Leveraging Program	Homebuyer Assistance	\$5,000	100
	NCHFA	HOME	Rental Production Program	New Construction, Rehabilitation	\$59	4
	NCHFA	HOME	Self Help Program	Homebuyer Assistance	\$514	28
Total Medium Priority					\$15,766	1,045

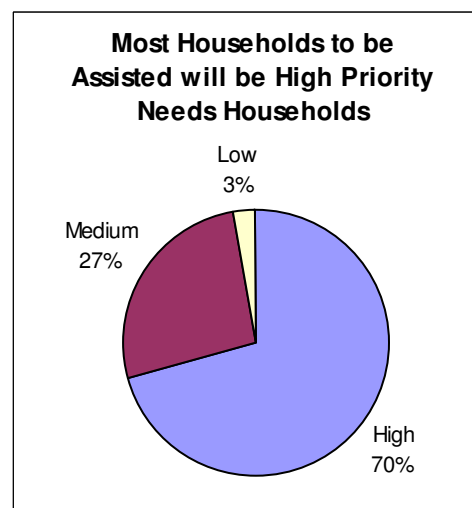
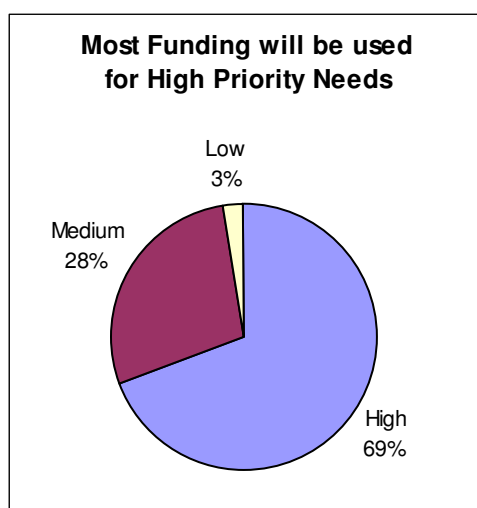
* A portion of these units will serve homeless households. The Agency has no way of forecasting how many of these households will be homeless.

Federal Funding through the Core Programs – Housing Acquisition, Rehabilitation, Production, and Related Infrastructure (continued)

Low Priority Needs						
Assist Existing Homeowners Earning 51-80% Median Family Income	DCA	CDBG	Concentrated Needs	Rehabilitation	\$860	112
	DCA	CDBG	Revitalization Strategies	Rehabilitation	\$195	13
	DCA	CDBG	Infrastructure	Utility Hook-Up	\$29	14
	NCHFA	HOME	Single Family Rehabilitation Program	Rehabilitation	\$387	18
Total Low Priority					\$1,471	157
TOTAL					\$55,824	41,885

Summary of Households to Be Assisted

Of the total funding for activities to be undertaken, 69% (\$39,800,000) of the funding is targeted to the high priority needs, 28% (\$16,341,000) targets medium priority needs, and 3% (\$1,471,000) targets lower priority needs. Of the total households to be assisted by funding, 70% of the households are in the high priority need category, 27% are in the medium priority need, and the remaining 3% are in the lower priority need category. The following pie charts summarize these numbers. The pie charts and summary statistics do not include the 36,000 homeless individuals expected to be served with \$2,359,000 in funding from the Emergency Shelter Grants program administered by the Office of Economic Opportunity; this is a high-priority activity.



Housing and Service-Related Objectives

AIDS Care Unit

- To provide additional resources and research on funding opportunities for project sponsors, through regularly scheduled HOPWA planning meetings.
- To review internal processes for making funding decisions and planning new initiatives.
- To hold training workshops on current trends in HIV housing.

Division of Community Assistance

- To target investments toward distressed rural areas and high priority small cities through the Commerce Department's 21st Century Communities Initiative, State Development Zones, Tier 1 & Tier 2 counties, and support the EDA-funded Comprehensive Economic Development Strategies (CEDs).
- To support development of soundly designed affordable rental and single-family housing in appropriate settings.
- To emphasize smart growth principles in CDBG program categories. Priority for funding will be given to projects that demonstrate design excellence, infill development, and more intense use of existing buildings in downtowns and nearby older neighborhoods.

North Carolina Housing Finance Agency

- To operate home ownership programs:
 - Close 2,200 MRB loans and 250 MCC assisted loans
 - Close 140 loans under the New Homes Program, 100 loans under the Self-Help Housing Program, and 12 loans under the IDA partnerships
 - Rehabilitate 115 homes under the Single Family Rehab Program and 700 homes under the Urgent Repair Program
- To operate rental production programs:
 - Allocate the state's \$15 million federal Housing Credit volume cap
 - Loan \$13 million under the Rental Production Program
 - Continue the refundable state Housing Credit
 - Perform reengineering services for 5 to 10 HUD Section 8 rental projects
 - Finance 10 projects with a total of 120 bedrooms under the Supportive Housing Program

Office of Economic Opportunity

- To ensure the provision of emergency and/or transitional housing, essential services, and/or homeless prevention services to approximately 30,000 homeless individuals and 6000 homeless families. It is anticipated that over 100 nonprofit organizations and three units of local government operating over 130 emergency and/or transitional facilities in 50 to 55 of the state's 100 counties will receive funding in FY 2005.
- To successfully coordinate the 2005 North Carolina Conference on Homelessness, which will provide opportunities for homeless service providers to receive training and technical assistance.
- To continue its involvement with the North Carolina Interagency Council for Coordinating Homeless Programs (ICCHP).
- To work with the ICCHP to implement strategies and policies outlined in the state's ten-year plan to end homelessness in North Carolina.

Other Actions

Each of the four state agencies will undertake additional actions to further the housing and support services goals of their organizations in the areas of Fair Housing/Equal Opportunity Initiatives, Anti-Poverty Strategy, Capacity Building and Technical Assistance, Coordination and Collaboration, Housing Delivery Systems, Institutional Structure, Legislative and Public Policy Initiatives, and Lead-Based Paint Hazard Reduction.



Fair Housing Activities

For the 2001-2005 Consolidated Plan, the Division of Community Assistance contracted with the North Carolina Fair Housing Center to analyze impediments to Fair Housing Choice in North Carolina. This document is available by contacting the Division of Community Assistance directly. In conjunction with what was outlined in the five-year plan, the four agencies that contribute to the Consolidated Plan agree to uphold those and other precepts supporting fair housing, housing choice and equal opportunities through the programs they administer. In carrying out their regular programs and funding cycles, the state agencies list the following ongoing activities and practices relative to promoting and furthering fair housing:

AIDS Care Unit

- The Unit will continue to expand the Tenant Based Rental Assistance program, which is designed to increase housing choice for low-income persons with AIDS and their families.

Division of Community Assistance

- The Division will continue to implement various strategies, chief of which is to increase local activities that identify and reduce barriers to fair and affordable housing in all localities receiving Community Development Block Grant Program funding.

North Carolina Housing Finance Agency

- The Agency will continue to (1) distribute its Elderly Housing Rights and Consumer Protection Program information brochures, (2) provide Fair Housing training in conjunction with its Housing Credit Program Compliance and Service Coordinator workshops, and (3) publish Spanish translations of its MRB and MCC Program information.
- All developers of affordable rental housing financed by the Agency are required to develop and implement Affirmative Fair Housing Marketing Plans, which are reviewed by the Agency for effectiveness and proper implementation. Projects receiving HOME loans must certify that they have developed and adopted affirmative marketing procedures for HOME-assisted housing containing five or more units.
- The Agency will update the Reasonable Accommodation Guide used by rental developers.
- The Agency will solicit voluntary agreements with two more lenders in 2005 to work together with the Agency in ensuring that every first-time home buyer in North Carolina is informed about the Agency's loan programs during the loan application process.
- The Agency will process preliminary eligibility analysis process to reach 250 prospective homebuyers in unserved areas of the state. Renters will complete a worksheet and the Agency will assess the renters' eligibility for a mortgage and make a referral to a lender.
- The Agency will work more closely with partners to educate homebuyers, increase the supply of affordable housing, provide assistance with downpayment and closing costs and offer financial options to support HUD's "Blueprint for the American Dream".
- The Agency, in partnership with USDA-Rural Development, will offer 200 leveraged loans to serve low-income households in rural North Carolina.
- Additionally, all developments funded by the Agency's programs must comply with Fair Housing requirements in serving their target populations.

Anti-Poverty Strategies

Division of Community Assistance

- DCA has set aside Small Cities Community Development Block Grant Funds for use in establishing or supporting Individual Development Account (IDA) programs in the state. IDAs are dedicated savings accounts that can only be used for purchasing a first home, education or job training expenses, or capitalizing a small business. In DCA's program, funding is exclusively for home ownership. Only residents that are members of households below 80 percent of MHI are eligible to participate. In partnership with local governments, IDAs are managed by community organizations and accounts are held at local financial institutions. Participants are introduced into the mainstream financial system, provided credit counseling and homebuyer and financial literacy, and receive match money for down payment assistance upon successful completion of the program.
- Continuing decline and disinvestment in many neighborhoods that spills over into surrounding areas point to a need for different approaches to rebuilding communities. Many communities riddled with poverty require a comprehensive approach to address their needs, one that allows for flexible funding and activities that cut across traditional DCA programs. Entering its fourth year of funding in 2005, the Revitalization Strategies program allows for a holistic approach to community and economic development enabling local governments to address multiple needs in high poverty areas. This category provides flexible multi-year funding to help alleviate poverty and carry out a long-term, sustainable revitalization strategy in selected target neighborhoods. The first round of communities that were awarded grants in 2001, and are scheduled to receive funds for their fourth year of activities in 2005, are Brevard, Caldwell County, Elizabeth City, Hamlet, Hyde County, Madison County, Roanoke Rapids, Sanford, Whiteville, and Wilson. Tentative plans are in place for another cycle of Revitalization Strategies grants, with an RFP and guidelines released in late 2005 and communities to be awarded in 2006.



North Carolina Housing Finance Agency

- The Agency will continue to finance supportive rental housing through the federal and state housing tax credit programs and through the Rental Production Program.
- The Agency will broaden its IDA home ownership initiative to include providing matching funds and second mortgages to IDA participants who will be purchasing homes. The program used to serve households at 200% of poverty and below who were in NC Department of Labor's IDA program under the federal Assets for Independence Act (AFIA); it will now serve households participating in any home ownership IDA program in North Carolina.
- The Agency will continue funding developments that are connected to public housing authorities' Family Self-Sufficiency Programs through both rental and home ownership programs.
- The Agency will continue funding transitional and permanent housing for the homeless and nonhomeless persons with special needs through the Supportive Housing Development Program.
- The Agency will provide funds to support a homeless policy specialist in the Office of the Secretary of Health and Human Services who will work with the Interagency Council for the Coordination of Homeless Programs.
- The Agency will continue to operate its Home Saver Loan Program that incorporates a Job Loss Feature to help borrowers who have become involuntarily unemployed to maintain their home.
- The Agency will be administering the Home Protection Pilot Program, recently funded by a \$1.75 million special allocation from the General Assembly. This program will create a loan pool to help prevent foreclosures due to job loss in targeted counties. It will also strengthen the housing counseling network.

Capacity Building and Technical Assistance

AIDS Care Unit

- The Unit will provide technical assistance workshops, planning meetings, and one-on-one technical assistance to assist organizations with resource development, with compliance, and in other program areas.
- The Unit will use and implement tools—such as program questionnaires for documenting information on statistics—to assist with improving communication with project sponsors, in order to clarify reporting expectations.
- The Unit will continue to utilize technical assistance from the Supportive Housing Collaborative to strengthen administration of North Carolina's HOPWA program.

Division of Community Assistance

- The Division will continue to implement the Capacity Building program for nonprofit organizations. Grants of up to \$75,000 will be available to each organization. Nonprofit organizations that receive capacity building funds are expected to develop projects and apply for CDBG funding in partnership with their local governments within two years of award.
- Technical Assistance funds for 2005 will concentrate on developing the professional skills and capabilities of local community development grant administrators. DCA and the Institute of Government are assessing the current demand for a professional certification program for administrators of CDBG grants. This program, which may be offered in 2005, will lead to a certificate of completion that assures local governments that the people they engage to administer community development grants meet and maintain high professional standards of knowledge, ethics, and competence.

North Carolina Housing Finance Agency

- The Agency's Home Ownership Business Group will continue working with the Real Estate Commission to provide continuing education classes for real estate professionals.
- The Agency will continue to provide monthly lender training sessions throughout the state to educate mortgage professionals about the Agency's 100%, below-market-rate loans, with and without downpayment assistance.
- The Agency's Rental Investment Business Group has statewide responsibility for Contract Administration of the U.S. Department of Housing and Urban Development's Section 8 Project-based Rental Assistance Program, which utilizes over 600 rental developments with over 21,000 housing units in North Carolina. The Agency has partnered with Quadel Consulting Corporation to manage the contract administration duties. Rental development owners will receive ongoing technical assistance on the U.S. Department of Housing and Urban Development Section 8 regulations.
- The Agency's Policy and Strategic Investment Business Group will continue to collaborate with the Advanced Energy Corporation (AEC) to train contractors and developers (both nonprofit and for-profit) in techniques of building high performance houses. This training focuses on the interrelationships between house systems and the effective use of pressure diagnostics (blower doors, duct blasters, manometers, etc.). Trainees have produced 100 units under the Agency's New Homes and Self-Help loan pools. The Agency anticipates producing 200 more in 2005, all of them sold with 2-year guarantees of comfort and very low heating and cooling costs.
- The Agency will continue to administer its fair housing and service coordinator trainings in conjunction with its rental investment programs. Designed for service coordinators, housing managers, supportive service providers, and others who work with the elderly or special needs residents, these workshops have covered topics that include aging, the basics of service coordination, legal issues and housing, and planning community wellness programs.
- The Agency will continue to hold a rental development roundtable discussion each summer.
- The Agency will offer six trainings for tax-credit developers, and three trainings for developers using the Rental Production Program.
- The Agency will continue to conduct a Housing Developers' Workshop Forum at the Agency's annual Housing Forum. It will also offer sessions on several of its other programs, providing insight, instruction, and technical assistance to the attendees participating in those programs.
- The Agency will be administering the Home Protection Pilot Program, in which \$1.75 million in a special appropriation by the General Assembly will be used to strengthen housing counseling in selected counties, in addition to providing for households to prevent foreclosure due to job loss.



Office of Economic Opportunity

- The Office will continue to provide staff to coordinate the annual conference on homelessness sponsored by the Interagency Council for Coordinating Homeless Programs (ICCHP). This conference provides training and technical assistance to over 400 representatives of homeless service providers across the state each year.
- The Office will provide training to all new, approved applicants for Emergency Shelter Grants (ESG) Program funding in the spring of 2005.
- The Office will continue to promote the coordination of housing repairs through local available resources for families receiving services under the North Carolina Weatherization Assistance Program and the Heating Air Repair and Replacement Program.
- The Office will continue to support housing coordination activities of the Community Services Block Grant program recipients that serve as local Comprehensive Housing Development Organizations.

Interagency Coordination and Collaboration

AIDS Care Unit

- The Unit will continue as an active participant on the Housing Coordination and Policy Council as well as the Inter-agency Council on Coordinating Homeless Programs.
- The Unit will seek out opportunities to work with nonprofit organizations to provide services for those who are triply diagnosed (with HIV/AIDS, mental illness, and substance abuse issues).
- The Unit will continue to collaborate with the other NC entitlement cities to ensure consistency among administration of the HOPWA Program.

Division of Community Assistance

- The Division will continue to work with other governmental and non-governmental groups such as the North Carolina Department of Labor, the North Carolina Housing Finance Agency, and the North Carolina IDA and Asset Building Collaborative to support and fund IDA and other savings programs in the state.
- The Division will continue to engage other state agencies and federal allies in funding priority projects in 21st Century Communities. The counties of Caswell, Hertford/Northampton (joint designation), Hoke, Mitchell, and Washington were selected to be the second round of 21st Century Communities in 2004, and will hold that designation in 2005. Strategic plans and funding priorities will be established for these communities. The third round of 21st Century selections will be made in 2005.
- If needed, the Division is prepared to react to severe economic crises such as plant closures and mass layoffs by coordinating economic recovery plans and implementing recovery activities.
- DCA is working with the North Carolina Rural Economic Development Center on a demonstration program to help communities foster entrepreneurial development as a means of addressing economic growth and expansion. Ten communities were selected in this pilot program, three of which are regional in scale (Northeast North Carolina, Kerr-Tar, and Southwestern North Carolina) and seven others are local in nature (Burke County, Carteret County, Columbus County, Elkin, Watauga County, Williamston, and Yancey County). These grantees received initial funding in 2004, and will continue their activities in 2005.
- The Division will continue to serve on statewide housing policy boards such as the Housing Coordination and Policy Council.



North Carolina Housing Finance Agency

- The Agency will partner with Advanced Energy Corporation (AEC) of Raleigh, North Carolina, to train and assist local partners under two home ownership programs. AEC's services will include providing low-income homebuyers with two-year guarantees that their heating and cooling costs will not exceed a very low, set level (as low as \$18/month). This broadens the windows of affordability and enhances marketing effectiveness.
- The Agency will continue as a member of the Interagency Coordinating Council for Homeless Programs (ICCHP).
- The State will continue its collaborative relationship with the Department of Labor by providing matching funds and second mortgages for participants in the Department of Labor's IDA program. It will also broaden its support of IDA programs by developing partnerships statewide with other IDA programs.
- The Agency will continue to operate the Lead Abatement Partnership Program, responding to actual cases of lead-poisoned low-income children in owner-occupant situations. As cases are referred by the Department of Environment and Natural Resources, the Agency will locate and contract with local rehabilitation organizations to oversee lead abatement and comprehensive housing rehabilitation.
- The Agency will continue to implement the Displacement Prevention Demonstration fund which allows the Independent Living Program and the Lead Hazard Control Branch to assist households facing displacement due to mobility limitations and lead paint poisoning, respectively.
- The Agency's executive director, A. Robert Kucab, is a board member for Homes4NC, a new foundation created by the NC Realtors Association to support affordable housing initiatives.

Office of Economic Opportunity

- The Office will continue as an active member of the Housing Coordination and Policy Council.
- The Office will coordinate with the North Carolina Housing Finance Agency to continue to promote the use of Urgent Repair program funds with weatherization services being performed through the N.C. Weatherization Assistance Program.

- The Office will actively promote the coordination of local anti-poverty efforts of community action agencies with local, state, and national housing programs.

Addressing Weaknesses in the Current Housing Delivery System

AIDS Care Unit

- The Unit considers the experience of the HOPWA grantees strength. However, the 3% cap on administrative costs covered by HOPWA is unworkable and too low, making it difficult for project sponsors to function without proper reimbursement for fulfilling increased administrative responsibilities and attending much needed training. Underpaying administrative costs could eventually prevent organizations from applying for future funding. As a way to overcome weaknesses in its housing delivery system the Unit's review of internal processes recommended advocating for an increase to the 3% administrative cap in 2005, as opportunities become available.

Division of Community Assistance

- Among its strengths, the Division credits its highly motivated professional staff. Additionally, it mentions the redesigned and new programs, which offer more local communities opportunities to participate. The Division currently operates a Capacity Building program that tries to increase nonprofit participation in the CDBG Program/Process. The Division also considers its sponsorship of Housing Development training for nonprofits as a strength because it helps to increase their ability to develop better housing projects. Nevertheless, the current state budget conditions limit state support for the agency's administrative budget; this presents a weakness in the Division's ability to provide housing services. The Division continues to see training and professional development for staff as an opportunity to improve the delivery of services in 2005.

North Carolina Housing Finance Agency

- The Agency has private activity volume cap sufficient to meet its 2005 homeownership goals. It offers a variety of loan products (conventional, FHA, USDA, and VA) and has 90 and 150 day interest rate guarantees. The Agency is currently serving only approximately 70% of the state's counties with its mortgage products, but intends to expand coverage by expanding third party originations and continuing to offer lender incentives to increase loan production in unserved areas of the state. The Agency will also increase income and sales price limits and downpayment assistance.
- The Agency will continue to provide application workshops and housing development workshops for organizations interested in developing supportive housing for individuals with special needs.
- One of the current weaknesses in the housing delivery system is an overtaxed housing counseling delivery system. Another is the lack of financial assistance for households who unexpectedly find themselves at risk of foreclosure. At the request of the General Assembly, the Agency is administering the Home Protection Pilot Program. This program will provide loans to assist homeowners in target regions who are at risk of foreclosure, and will strengthen the housing counseling delivery system in those areas.



Office of Economic Opportunity

- The current reality facing a homeless individual or family in North Carolina is a fragmented system of various agencies and funding streams, each with their own points of access, eligibility and available resources. This fragmentation hampers the efforts of government and nonprofit agencies to improve homeless access to housing and mainstream health and human services. Following the state's participation in federal Homeless Policy Academies in 2003 and 2004, the NC Interagency Council for Coordinating Homeless Programs (ICCHP) formulated a state plan to end homelessness. This state-level action plan to end homelessness is seen as one way to ensure that homeless people have a more efficient and coordinated system to assist and support them in their efforts to transition from homelessness to stability.
- Nonprofit agencies and local governments providing shelter and services to homeless people in the state have found it increasingly difficult to secure the funding needed to produce affordable housing for extremely low-income citizens; maintain existing homeless shelters; and to improve or, in some cases, establish homeless access to needed services. In the last two years, nonprofit organizations operating shelters and providing services for homeless persons have seen dramatic drops in donations from individuals, charitable organizations and local governments. At the same time, they have reported significant increases in the number of homeless individuals and families seeking shelter and services. The only program administered by the State specific to homeless persons (and the only one

funding supportive services and operating costs for homeless shelters) is the federally-funded Emergency Shelter Grants (ESG) Program, administered by the Office of Economic Opportunity.

- In 2004 following the ICCHP's participation in the second federal Homeless Policy Academy, the Council continued refining the state's draft Ten-Year Plan to End Homelessness. This draft Plan will be available for public comment in late summer, 2004. As part of that planning process, the Council has facilitated a Discharge Planning Work Group that has developed a preliminary report of recommendations about how North Carolina can reduce the number of persons who are discharged into homelessness from state, or statewide, publicly funded systems. In 2005 the Council will complete preliminary recommendations on how to increase access for homeless persons to employment and training programs.
- In 2004 the ICCHP began facilitating a collaborative with a membership of homeless service providers and local governments from across the state, in an effort to increase North Carolina communities compliance with HUD mandates relating to Homeless Management Information Systems (HMIS). The HMIS system will begin active implementation by February 2005, increasing our state's chances of accessing available federal dollars for housing and services for homeless person.
- In 2004 the Council provided intensive technical assistance to 12 counties that had never applied for Continuum of Care federal dollars targeting the homeless population. During the next year the Council will extend that assistance, with an ultimate goal of accessing roughly \$9 million dollars in communities that had previously not applied for those available annual funds.

Legislative Initiatives

Division of Community Assistance

- The Department of Commerce will advocate for stronger tools to attract investment, jobs and economic vitality to urban core areas. To this end, DCA is working with the state Economic Development Committee to define and help locate potential development hubs throughout the state and produce new strategies that will create regional economic influence radiating from the newly created hubs.
- The Division of Community Assistance will work to expand the Main Street program.

North Carolina Housing Finance Agency

- The Agency plans to work towards the passage of legislation by the United States Congress, which will improve the method of setting sales price limits for the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate (MCC) programs, revise the method of setting rents on Housing Credit properties in rural areas, and change the handling of MRB prepayments to gain more use from the state's Private Activity Bond volume cap.
- The Agency plans to work to improve the recurring \$4.75 million appropriations to the Housing Trust Fund and federal HOME Program match
- One of the Agency's legislative initiatives is to develop and administer the Home Protection Pilot Program. This program, funded by \$1.75million from the General Assembly, will strengthen housing counseling in selected counties and create a loan pool to help prevent foreclosures due to job loss.
- The executive director of the Agency, A. Robert Kucab, co-chairs a national working group within the National Coalition of State Housing Agencies that is in the process of defining a set of legislative and regulatory improvements for the Housing Credit and Housing Bond programs.

Lead-Based Paint Hazard Activities

Division of Community Assistance

- DCA will continue to encourage local units of government to be involved with lead-based paint removal programs. Furthermore, DCA will encourage local governments to work with agencies that are established primarily to mitigate lead-based paint conditions and provide for its removal, as well as address other environmental concerns.



North Carolina Housing Finance Agency

- All HOME-funded programs will continue to be in compliance with new U.S. Department of Housing and Urban Development lead regulations (25 CFR Part 35).

- The Agency will continue to participate in a quarterly, ad hoc lead hazards advisory group made up of concerned individuals from the Public Health, Environmental Protection, Affordable Housing, and Occupational Safety sectors.
- The Agency will continue to operate the established Lead Abatement Partnership Program (LAP) using HOME funds. Under LAP, the Agency has offered assistance to low-income owner-occupants with a lead poisoned child (above 20 µg/dL) for over six years. On average, about 6 cases are handled per year.
- The Agency will continue to offer a new option under the LAP program. Using Housing Trust Fund funding set-aside through the Urgent Repair Program under the “Displacement Prevention Demonstration”, the Agency will offer up to \$3,500 per unit to LAP referrals whose situation may be more appropriately handled through DENR’s Preventative Maintenance Program. Funds are provided as grants to the homeowners to pay for cleanup and stabilization activities as prescribed by DENR’s regional lead specialists.
- The Agency will continue to count households with an elevated blood lead level (greater than 10µg/dL) as an eligible special needs household under the regular Urgent Repair Program (URP). All households that are URP beneficiaries must be special needs households. Local health officials can refer such cases to local URP recipient organizations for assistance with Preventative Maintenance Program activities.

Office of Economic Opportunity

- Lead safe weatherization training will be provided to sub-recipient staff and subcontractors of the N.C. Weatherization Assistance Program to ensure the proper handling of situations involving lead hazards in dwellings receiving services.

Descriptions of Programs

Below is a list of housing-related programs and services administered by the AIDS Care Unit; the Department of Commerce, Division of Community Assistance; the North Carolina Housing Finance Agency; and the Office of Economic Opportunity. In addition, descriptions of programs administered by North Carolina Community Development Initiative Capital, HousingWorks, and Self-Help are provided; these programs are listed in the *Housing Resources by Funding Source and Administering Agency* table.



For additional information on each Agency's programs, contact the agency directly using the information given.

AIDS Care Unit

HIV/STD Prevention and Care Branch

North Carolina Department of Health and Human Services

1902 Mail Service Center, Raleigh, North Carolina 27699-1902

Phone 919.715.0136

www.schs.state.nc.us/epi/hiv

▪ **Housing Opportunities for Persons with AIDS (HOPWA)**

This program, funded by the U.S. Department of Housing and Urban Development, consists of both entitlement grants to states and cities with the largest number of cases of HIV/AIDS. The AIDS Care Unit administers the state entitlement grant. Other entitlement communities include the Raleigh EMSA (which includes Wake, Franklin and Johnston counties) and the Charlotte EMSA (which includes Cabarrus, Gaston, Mecklenburg, Anson, York and Union counties). Funds are distributed to HIV care consortia, nonprofit housing and service organizations, local public housing authorities, and adult day care providers. Eligible activities include: acquisition, conversion, lease, rehabilitation, and repair of facilities; new construction; project-based and tenant-based rental assistance; planning; support services; administrative and operating costs; and short-term rent, mortgage and utility assistance.

▪ **Ryan White HIV Care Program**

This program provides funding to eleven HIV care consortia (to plan, develop, and assure the delivery of essential outpatient health and support services for persons with HIV) and sixteen Primary Medical/Dental agencies (to provide primary medical and/or dental care to people living with HIV/AIDS). In addition, the program funds the Duke Legal Project, which provides capacity building for HIV/AIDS related services and the NC Council for Positive Living which facilitates meaningful involvement of PLWHA in planning and delivery of HIV related services.

▪ **Community Alternatives Program for Persons with AIDS (CAP)**

This program prevents the institutionalization of persons living with AIDS through the provision of home- and community-based services, which cost-effectively address client care needs while allowing the participants to remain in home and community settings.

▪ **HIV Medication Program**

This program provides life-sustaining medications to low-income North Carolinians diagnosed with HIV infection.

▪ **Medicaid HIV Case Management Services Program**

This program assists Medicaid-eligible individuals living with HIV/AIDS to prevent or alleviate social crises, which may threaten the quality of life. Provided only by providers certified by the AIDS Care Unit, this is a client-focused strategy for coordinating care; involving assessment of client needs for specific health, psychological, and social services and facilities; and gaining access to services that will address those needs.

Division of Community Assistance

Department of Commerce

4313 Mail Service Center

Raleigh, North Carolina 27699-4313

Phone 919.733.2850

www.dca.commerce.state.nc.us



Small Cities Community Development Block Grant Program:

- **Community Revitalization Program (CR)**

This program provides funds to local governments to improve or develop residential areas for low- and moderate-income households in two subcategories: Concentrated Needs (CN) and Revitalization Strategies (RS). Grants for Concentrated Needs are used for rehabilitation, water and sewer installation, streets, and drainage improvements. Applications are accepted on a two-year funding cycle and all eligible applicants are rated and ranked through a competitive process. Beginning in 2005, a system of regional allocation for distribution of funds will be implemented for the Concentrated Needs category. This regional allocation system will better ensure a level playing field for all applicants, regardless of location in the state, and allows for a greater diversity of activities. Awards of up to \$700,000 are made on an annual basis from the ranked list of CN applicants. The RS program is designed to provide grants to local governments to address multiple needs in a given community. Funds can be used for a variety of CDBG-eligible activities as long as they are consistent with the strategy and help alleviate poverty in the designated area. Those original communities that were chosen to receive RS funding in 2002 and have met their responsibilities for completion of first year activities will continue to receive long-term funding through this program in 2005. Eligible applicants were Tier 1 and Tier 2 Counties and nonentitlement municipal governments with a designated State Development Zone. Plans are underway to open the next cycle for funding in 2005 or 2006.

- **Housing Development Program (HD)**

This program provides grants to local governments to support affordable housing projects. These projects create additional units of affordable housing through single-family developments or multifamily units, for low- and moderate-income households. Eligible uses of CDBG funds include installation of public infrastructure (water, sewer streets, sidewalks, and drainage, on a case-by-case basis), the removal of hazardous material, acquisition of vacant land or vacant buildings by an eligible nonprofit, and certain rehabilitation activities (on a case-by-case basis). Priority will go to rental housing in Tier 1 & Tier 2 counties, North Carolina Small-Cities-eligible State Development Zones, and 21st Century Communities. Grant amounts are \$18,000 per unit for single-family projects and \$6,000 per unit for multifamily projects, and are not to exceed a total of \$250,000. A sub-category with Housing Development is DCA's Individual Development Account (IDA) program. Through this program participants are introduced into the mainstream financial system, provided credit counseling and homebuyer and financial literacy, and receive match money for down payment assistance upon successful completion of the program.

- **Scattered Site Housing Program (SSH)**

This program provides funds to local governments to address the most critical needs of families. Grants are made on a noncompetitive basis with \$400,000 available to each county every three years. Funds are targeted to improve housing conditions of very-low income families. As lead agents, counties will receive funds by submitting a detailed plan, describing how funds will be distributed to meet housing priorities. These plans will involve all interested municipalities in the county. In 2005, the following counties are scheduled to receive Scattered Site Housing grants: Alexander, Ashe, Bertie, Bladen, Camden, Caswell, Clay, Columbus, Currituck, Dare, Durham, Franklin, Gaston, Gates, Halifax, Harnett, Haywood, Henderson, Lee, Madison, Montgomery, Northampton, Onslow, Pender, Person, Polk, Rowan, Scotland, Surry, Transylvania, Warren, Wayne, and Yancey.

- **Infrastructure Hook-Up Program (IF Hook-Up)**

This program provides funds to local governments to address access to proper water and wastewater facilities among its low-to-moderate income residents. Local governments may apply for up to \$75,000 to hook households to water and wastewater facilities in low-to-moderate income areas where need is great due to environmental health concerns, but residents cannot afford the tap fees to access the lines. These grants are issued on a first-come, first-serve, non-competitive basis. Counties or municipalities must submit a detailed plan mapping the area and households to be

targeted, show that the lines homes are to be hooked to are appropriate, that the system can absorb the additional demand as well as demonstrate the financial feasibility of the utility. DCA may institute a regional distribution method in 2005 for this program to ensure that all areas of the state are properly served.

North Carolina Housing Finance Agency

P.O. Box 28066, Raleigh, North Carolina 27611-8066

Phone 919.877.5700

www.nchfa.com



▪ Catalyst Loan Program

This program provides predevelopment loans to nonprofit developers who are building rental housing for low-income households. Funds may be used for market studies, land options, architectural services, engineering work, and environmental reviews. Funding is open but limited by availability.

▪ Duke Power Home Energy Loan Program

This program provides funds to Duke Power customers below 80% of area median income through local governments, nonprofit organizations, and regional councils. Duke HELP funds, which can be only used for energy-efficient measures to owner-occupied housing, must be matched with other funds to comprehensively rehabilitate all units assisted.

▪ Housing Credit Programs (Federal and State)

These programs encourage owners to produce rental housing for households below 60% of the area median income by allowing a 15-year federal tax credit and a refundable state tax credit. Developments remain affordable for 30 years due to an extended use agreement. Projects that utilize the state tax credit usually require lower income targeting, and this program will provide developers with more funding than previous versions of the program. For both these programs, the amount of credit a project receives is a percentage of its eligible basis. The North Carolina Federal Tax Reform Allocation Committee sets policy for the State Tax Credit program. Tax credits are awarded to nonprofit and for-profit developers through a competitive funding cycle; the preliminary application deadline is in January, and the full application is usually due in May.

▪ Lead Abatement Partnership Program (LAPP)

This program assists low-income homeowners with children identified as having elevated blood lead levels. In cooperation with the North Carolina Departments of Environmental and Natural Resources and Health and Human Services, the North Carolina Housing Finance Agency provides technical assistance and financial assistance in the form of small grants or larger, interest-free, deferred payment loans to homeowners.

▪ Mortgage Credit Certificate (MCC)

This program assists homebuyers with the purchase of new or existing homes by granting them a tax credit on their federal income taxes. MCCs reduce the federal income tax liability for homebuyers. This leaves them with more disposable income; therefore, they are better able to qualify for a market-rate mortgage. Credits are awarded to individual households through participating financial institutions and are restricted to low- and moderate-income first-time homebuyers who are determined ineligible for the Agency's low interest rate mortgage loan.

▪ Mortgage Revenue Bond Program and Down Payment Assistance Program

This program offers mortgages through local lenders to first-time homebuyers with low to moderate incomes at an interest rate below the conventional rate. Buyers may purchase new or existing homes and may qualify also for HOME-funded second-mortgage downpayment assistance. The DAP program will utilize ADDI funding in addition to regular HOME funding. The MRB program is funded by the sale of tax-exempt bonds.

▪ NCHFA/USDA-Rural Development Leveraging Program

The Agency is proposing a program that allows the United States Department of Agriculture-Rural Development to originate and close Agency 30-year below-market, fixed rate mortgages in conjunction with the USDA's Section 502 direct loans to help first-time, very-low- and low-income homebuyers.

▪ New Homes Loan Pool Program

This program provides interest-free, deferred second-mortgage loans of up to \$20,000 for the purchase of newly constructed homes. Loans are provided to the low-income homebuyers referred by nonprofit organizations, units of local government, and regional organizations. Targeting homebuyers whose incomes are less than 80% of area median income on a first-come, first-served basis, this program has an open cycle for accepting membership and project

applications. Grant funding is also available to participant organizations willing to bring for-sale units to a higher level of comfort and energy efficiency.

- **North Carolina Elderly Housing Rights and Consumer Protection Program**

This program provides information for consumers on housing rights and consumer protection issues such as homeowner rights and tenant/landlord fair housing rights. Program staff develops materials and trains advocates and service providers. The Agency also works with the Office of the Attorney General to provide training and certify high cost loan counselors, as required by state statute.



- **Rental Production Program**

This program provides loans of up to \$1 million per project (this may be exceeded in some cases) for the production of rental housing, primarily targeting households below 50% of area median income. Preliminary applications are usually due in January, with the full application usually due in May.

- **Rental Preservation Loan Program**

The Agency is proposing a loan program to rehabilitate affordable apartments. This program would target the large number of rental developments in the state that would benefit from capital improvements but do not qualify for the Agency's existing programs. These tend to be smaller properties in non-metropolitan areas. Eligible uses of the funds may include the replacing outdated major systems (such as HVAC), meeting federal accessibility requirements, and restructuring high interest-rate debt. Agency construction standards will apply.

- **Reverse Mortgages for Elderly Homeowners**

This program gives older homeowners a vehicle for converting equity in their homes to cash, by providing reverse mortgages insured by the Federal Home Administration (FHA). Borrowers must be at least 62 years old and must participate in a mortgage counseling program offered by an approved reverse mortgage counselor. In North Carolina, the North Carolina Housing Finance Agency provides training and certifies reverse mortgage counselors, as required by state statute.

- **Self-Help Loan Pool Program**

This program provides financing up to \$15,000 per unit to self-help housing organizations. Subordinate mortgage loans at zero percent interest are provided to homebuyers who are usually below 50% of area median income. Grant funding is also available to participant organizations willing to bring the units they develop to a higher level of comfort and energy efficiency.

- **Single-Family Rehabilitation Program**

This program provides deferred, forgivable loans to home owners through regional agencies, units of local government, and nonprofit organizations. The purpose is to rehabilitate moderately deteriorated owner-occupied homes, primarily targeting homeowners below 50% of area median income. All units are brought up to stringent energy and construction standards.

- **Supportive Housing Development Program**

This program provides loans of up to \$500,000 per project for the development of transitional or permanent supportive housing. Assistance is targeted primarily to households below 30% of area median income with special needs. Eligible populations include homeless individuals and families, mentally ill, developmentally disabled, persons with addiction disorders, survivors of domestic violence, and persons with HIV/AIDS. Eligible applicants are nonprofits and units of local government.

- **Supportive Predevelopment Loan Program**

This program provides predevelopment loans to nonprofit developers who are building supportive housing for low-income households with special needs. Funds may be used for architectural services, engineering work, and environmental reviews. Funding is open but limited by availability.

- **Urgent Repair Program**

This program provides grants to homeowners through nonprofit organizations, units of local government, regional agencies, and two state government agencies to correct housing conditions that pose a threat to safety or that cause displacement. Assistance is targeted primarily to households below 30% of area median income. A Displacement Prevention Demonstration fund allows the Independent Living Program and the Lead Hazard Control Branch to assist households facing displacement due to mobility limitations and lead pain poisoning, respectively.

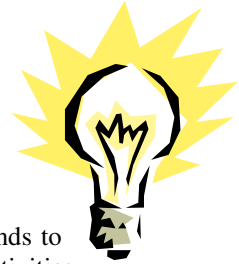
Office of Economic Opportunity

North Carolina Department of Health and Human Services

2013 Mail Service Center, Raleigh, North Carolina 27699-2013

Phone 919.715.5850

www.dhhs.state.nc.us/docs/divinfo/oeo.html



- **Community Services Block Grant Program (CSBG)**

This program is funded by the U.S. Department of Health and Human Services. It awards funds to community action agencies and limited purpose agencies, on a formula basis, for anti-poverty activities including eviction and foreclosure prevention.

- **Emergency Shelter Grants Program (ESG)**

This program provides grants for emergency shelter operations, essential services, and homeless prevention activities. It is funded by the U.S. Department of Housing and Urban Development and administered by the Office of Economic Opportunity. Funds are awarded to nonprofit organizations and/or units of local government on a pro-rata basis, and each grant recipient must provide a one-to-one match of funds.

- **Weatherization Assistance Program (WAP)**

This program provides funds to local community action agencies and other private, nonprofit agencies to install energy conservation measures in homes. This program serves primarily elderly and disabled households with incomes below 150% of the poverty level. This program is funded by the U.S. Department of Energy and the North Carolina Department of Health and Human Services – Division of Social Service Low Income Home Energy Assistance Program Block Grant.

- **Heating Air Repair Replacement Program (HARRP)**

This program provides funds to local community action agencies to replace or repair inefficient or unsafe heating system for low-income elderly individuals, disabled individuals, and low-income families with small children whose incomes do not exceed 150% of the poverty level. Eligible elderly and disabled homeowners can have cooling system repaired or replaced. The program is funded by the North Carolina Department of Health and Human Services – Division of Social Services through the Low Income Home Energy Assistance Program Block Grant.

Community Development Block Grant (CDBG) 2005 Program Report

The Department of Commerce oversees the comprehensive economic development strategies that are carried out by state governmental agencies and its allies. Much of the Community Development Block Grant (CDBG) program is oriented toward two goals contained in the department's strategic plan: 1) Building Stronger Communities and 2) Creating Jobs through Sustainable Economic Development. This plan is organized to fulfill the department's mission statement: *"To improve the economic well-being and quality of life of all North Carolinians"*.

For 2005, the fifth and final year of the five-year strategy of the NC Consolidated Plan for 2001-2005, an over-arching theme of the state's investment of federal resources focuses on stimulating development of distressed rural communities and portions of urban areas that have not enjoyed the positive growth that much of the state has experienced.

State Community Development Priorities For 2005

Major priorities for 2005 include the following:

Targeted Investments

Targeting state investments on specific high-impact outcomes in distressed rural areas and high priority small cities, the Department of Commerce will continue to focus on providing flexible funding to Tier 1 and Tier 2 Counties and municipal governments with designated State Development Zones (SDZ). In addition, the 21st Century Communities initiative will provide flexible targeted funds to local governments in six additional counties that were selected based on their economic distress to make them more competitive in the global economy. These are Caswell, Hertford/Northampton (joint designation), Hoke, Mitchell, and Washington. The first round of 21st Century Communities, which were selected in 2001, were Cherokee, Yancey, Rutherford, Gaston, Rockingham, Robeson, Columbus, Duplin, Warren, and Halifax Counties. The Department will also target funds to address CDBG-eligible priorities coming out of EDA-funded Comprehensive Economic Development Strategies (CEDS) in four regions of the state that have experienced severe economic downturns and job losses.

Investment Plan

In 2005, North Carolina expects to receive approximately \$45,000,000 in CDBG funds. In addition, other funds may become available as a result of additional HUD allocations, recapture, reversion, or carry-over of prior year funds and program income. The state may make grants to non-entitlement governments statewide. Eligible applicants include all counties, except for Wake and Cumberland (and their municipalities, though Holly Springs in Wake and Linden in Cumberland are eligible for CDBG funds from DCA), and municipalities in the other 98 North Carolina counties, except the twenty-three entitlement cities that receive funds directly from the US Department of Housing and Urban Development (HUD). Applicants must meet thresholds and requirements for expenditure of funds from prior CDBG projects.

2005 Investment Plan			
Community Revitalization			\$13,706,607
	Concentrated Needs	(\$10,206,607)	
	Revitalization Strategies	(\$3,500,000)	
Scattered Site			\$14,673,127
Infrastructure			\$5,713,627
	General Improvements	(\$4,713,627)	
	Wastewater Connections	(\$1,000,000)	
Housing Development			\$2,223,201
	Rental and Homeowner Development & Tax Credit Projects	(\$2,022,028)	
	Individual Development Account	(\$200,000)	
Economic Development			\$11,932,040
Urgent Needs/Contingencies			\$161,600
Administration			\$1,100,210
Technical Assistance			\$500,105
2005 HUD Grant to State			\$50,010,517

Note: This Plan was adopted by the North Carolina General Assembly in the 2004-05 budget as part of HB 1414.

Method Of Distributing Funds

In 2005, projects will be awarded from several funding sources:

- New 2005 funds according to the investment plan above.
- Funds recaptured or de-obligated from prior Community Revitalization, Infrastructure, Scattered Site, demonstration category grants, funds recaptured from Economic Development projects awarded prior to May 1992, program income returned from past projects and funds not otherwise distributed from the above categories by December 31, 2005 may be awarded to qualifying applications in other categories based on the following priority schedule:
 - Concentrated Needs
 - Infrastructure
 - Capacity Building
 - Straight Piping Elimination
 - Urgent Needs
- Any 2005 Scattered Site funds not awarded by October 1, 2005 may be awarded to qualifying applications based on the above priority schedule.
- Any recaptured or de-obligated Housing Development or Individual Development Account funds, and any 2005 Housing Development funds not awarded by December 31, 2005, may be available for Individual Development Account grants, if needed. If not, funds may be distributed according to the above priority schedule.
- Any 2004 Economic Development funds not awarded by October 1, 2004 and any 2005 Economic Development funds not awarded by October 1, 2005 may be distributed to projects in the Urban Redevelopment program, if needed. Any 2005 Economic Development or Urban Redevelopment funds not awarded by December 31, 2005 may be used to provide funds for economic development activities through non-profit agencies in partnership with local governments. If any funds remain at the conclusion of this cycle, funds may be distributed according to the above priority schedule.
- Program income, de-obligated and recaptured funds not committed to other categories may be available to the Urgent Needs/Contingency category.
- Funds not awarded in Urgent Needs/Contingency may be awarded for eligible projects in any category.

Program Categories for 2005

Community Revitalization (CR) grants are administered by DCA to improve or develop residential areas for low and moderate income households in two subcategories: **Concentrated Needs** with maximum grants of \$700,000 and **Revitalization Strategies** with a \$350,000 maximum grant per year for up to 5 years according to an approved strategic plan.

Awards for **Concentrated Needs (CN)** in 2005 will be made to communities that ranked highest among the applications submitted in Fall 2004 in a competitive process. As part of H.B. 1414, the General Assembly in 2004 approved a regional distribution plan for the Concentrated Needs category to be applied to the 2005 program year and all subsequent years. This regional distribution plan divides the state into four regions and assigns each region a percentage of the funds dedicated to the Concentrated Needs category annually. Funds not allocated in one region may be reallocated to another if there are an insufficient number of qualified applicants at the end of the program year. Concentrated Needs applicants may request up to 15% for local options to undertake any of the following activities in the applicant's jurisdiction:

- Scattered Site Housing Rehabilitation
- Emergency Repairs
- Installation of on-site water or wastewater system

The **Revitalization Strategies (RS)** program is designed to provide grants to local governments to address multiple needs in high poverty neighborhoods. Grants in this category will continue to be made in 2005 to provide long-term funding to the ten communities chosen to receive RS funds in 2002 for their multi-year revitalization strategies. In 2005, technical assistance will be provided those ten grantees. Eligible applicants are Tier 1 and Tier 2 Counties and non-entitlement municipal governments with a designated State Development Zone.

Scattered Site Housing (SSH) grants will be made to local county governments on a rotating basis to address housing needs of very low income families throughout the county. County governments can receive \$400,000 every 3 years with funds targeted to very low-income homeowners for rehabilitation or relocation purposes. Counties submit a detailed plan that includes all interested municipalities within the county describing how funds will be distributed to meet housing needs. Scattered Site Housing applicants may request that up to ten percent of funds be set aside for local option to undertake emergency repairs.

In 2005, the following counties are scheduled to receive Scattered Site Housing grants: Alexander, Ashe, Bertie, Bladen, Camden, Caswell, Clay, Columbus, Currituck, Dare, Durham, Franklin, Gaston, Gates, Halifax, Harnett, Haywood, Henderson, Lee, Madison, Montgomery, Northampton, Onslow, Pender, Person, Polk, Rowan, Scotland, Surry, Transylvania, Warren, Wayne, and Yancey.

Infrastructure (IF) An estimated total of \$5.14 million will be available in the Infrastructure category for 2005. Eligible local governments may obtain grants of up to \$750,000 to provide new infrastructure (public water and/or public sewer) to existing residential neighborhoods to correct problems that pose a severe health or environmental risk. In an effort to address needs in 21st Centuries Communities, half of the total IF funds will be available to local governments in the 21st Century Communities on an open-ended basis. The other half of the funds will be available to all eligible local governments on an open window throughout the year. Any 21st Century Communities 2005 funding that is still available after June 30, 2005, and any 2004 funds not awarded from the regular pool by December 31, 2004, may be added to the pool of funds available to all eligible local governments for the 2005 funding year.

For the 2005 Infrastructure category, DCA will give priority for funding to projects as listed below:

21st Century Communities Pool

Priority will be given first to projects that propose a regional solution to a problem and are consistent with a county plan, and second to water projects that propose to alleviate the most serious needs.

Regular Pool

Funding priorities will include measures to distribute grants to highly qualified eligible applicants in each region, projects that propose a regional solution to the problem, and water projects that propose to alleviate the most serious needs.

Water/Wastewater Connection Program

In 2005, grants will continue to be made available to eligible local governments applying on a first-come, first-serve basis for the Water/Wastewater Connection Program. This program constitutes \$1 million of the total infrastructure allotment. Eligible activities include costs and fees associated with connecting lower income families to existing water or sewer lines. In the event that funds are insufficient to meet the needs of all qualified applicants in the program year, DCA may investigate the use of a regional allocation system such as the one approved by the General Assembly in 2004 in H.B. 1414 for the IF Hook-Up category in 2005.

Straight Piping Elimination Program

In 2005, the Straight Piping Elimination Program will be funded through de-obligated funds or funds not awarded in other categories. The goal of the Straight Piping Elimination Program is to repair, replace, or install on-site septic systems for low-to-moderate income households. By doing so, the natural environment is better protected and public health is improved due to less wastewater being released from homes.

Economic Development (ED) This category will continue the policy adopted by the North Carolina General Assembly in the William S. Lee Quality Jobs and Business Expansion Act of 1996, as amended, of providing higher levels of funding to the most economically distressed areas of the state. The following considerations will be included for job creation and retention projects during the 2005 program year: 60% of the jobs created or retained in a project must be for persons qualifying as prior low and moderate income (LMI). Funding for Economic Development projects is based on the number of jobs to be created and the level of distress in the community applying for the funds. Areas with higher distress rankings, based on the North Carolina Tier rating system, are eligible for more funds per job created. Additional CDBG funding per job is available for projects proposed to be located in a State Development Zone or a 21st Century Communities designated by the Secretary of Commerce.

CDBG funds are granted to local governments for various types of infrastructure improvements to assist business expansion or retention. Special consideration will be given to projects that provide infrastructure improvements to a multi-jurisdictional industrial park. A local funding match of at least 25% of the determined need is required except in the Tier 1 counties as defined in the William S. Lee Act and identified 21st Century Communities. Direct financial assistance to private companies is available as loans to be negotiated by the local government applicant and a participating North Carolina commercial bank at a level not to exceed 50% of the bank loan. Repayment of the loan by the private company becomes program income to the State and is deposited into a CDBG economic development revolving loan fund (RLF). Funding from the RLF is available only as loans.

Also in the 2005 program year, up to \$500,000 in the Economic Development Revolving Loan Fund Program funds will be available to counties in Tiers 1-3 to assist with the costs associated with certifying industrial sites. These grants are repaid to the Revolving Loan Fund after the certified site is sold or within five years of award. Loans for industrial shell buildings will also be available from the Revolving Loan Fund based on the projected number of jobs to be created and the level of distress in the community. These loans will be at a 2% interest rate with a maximum term of 5 years. A dollar for dollar match is required by the local government applicant.

Entrepreneurial Incubation Grants

In partnership with the Rural Center, the Department will make available \$2,225,000 for Entrepreneurial Assistance grants. The Rural Center will help identify qualifying incubator projects that will promote growth and stability among entrepreneurial enterprises in distressed rural areas. Eligible activities will include building renovation, upfitting and improvements to comply with ADA, state and local codes, and building and equipment acquisition. Recipient communities will be selected by a competitive process designed jointly by the Rural Center and the Department. Selection criteria will favor proposals from local governments with strong partnerships to support entrepreneurs, projects that build on prior efforts and integrate with economic development strategies, proposals from 21st Century Communities and regional proposals serving several jurisdictions. This program is an expansion of the \$500,000 made available in 2004 for Entrepreneurial Assistance grants. The 2004 grantees will continue activities in the 2005 program year.

Urban Redevelopment Grants

Funded from Economic Development funds that have not been awarded by December 31, 2004, as well as 2005 funds not awarded as of October 1, 2005, Urban Redevelopment Grants will encourage increased economic activity in areas that have been designated as "Redevelopment Areas" or "Rehabilitation, Conservation, and Reconditioning Areas" under North Carolina Redevelopment Law. CDBG funds will be provided to municipalities to remove obstacles to private investment in the area by correcting code or safety violations or for historic preservation of

deteriorated buildings, by improving infrastructure, by acquiring and clearing blighted property, and by addressing other conditions that contribute to the deterioration or under-investment in the area. Eligible projects must include commitments for the private investment that will be generated by the activities carried out with CDBG funds.

Housing Development (HD) grants administered by DCA will focus on the creation of multi-unit rental developments and provide support for homeownership activities for low and moderate-income families. Local governments in Tier 1 and Tier 2 Counties, municipalities that have designated SDZs, and 21st Century communities will receive preference for HUD funds.

The HD allocation will be divided into two funding pools: Homeownership and Rental Housing. Rental Housing applications utilizing Low-Income Housing Tax Credits will have a definite competitive submission date while funding for homeownership and other multi-unit development projects will continue to be on an open window basis following the workshop.

Rental Housing (\$1,100,000)

Multi-unit Development

Funds will be provided for rental developments. Eligible uses of CDBG funds include installation of public infrastructure (water and sewer lines are automatically eligible for funding; streets, sidewalks and drainage may be funded on a case by case basis), the removal of hazardous material, acquisition of vacant land (by an eligible non-profit) or vacant *historic* buildings (by an eligible non-profit or for-profit developer), and certain rehabilitation activities (on a case-by-case basis). The maximum grant is \$250,000 with a \$6,000 per unit maximum.

CDBG/Tax Credit/Rental Production

A special application has been developed which will be used only in conjunction with applications for the North Carolina Housing Finance Agency (NCHFA) Tax Credit/Rental Production Program (RPP) for multi-unit rental housing. Eligible uses of CDBG funds include installation of public infrastructure (water and sewer lines are automatically eligible for funding; streets, sidewalks and drainage may be funded on a case by case basis), the removal of hazardous material, acquisition of vacant land (by an eligible non-profit) or vacant historic buildings (by an eligible non-profit or for-profit developer), and certain rehabilitation activities (on a case by case basis). The maximum grant is \$250,000 with a \$6,000 per unit maximum.

Homeownership (\$900,000)

Single-family Housing

Funds will be available for assisting single-family housing developments up to \$250,000. Eligible uses of CDBG funds include installation of public infrastructure (water, sewer, streets, sidewalks and drainage), the removal of hazardous material, or vacant land acquisition by an eligible non-profit. There is an \$18,000 per unit assistance maximum for single-family projects.

Individual Development Account (IDA)

These funds provide match for down payment assistance or closing costs to qualified first-time low and moderate-income homebuyers. The maximum funding is \$50,000 per project. IDAs will be funded by funds de-obligated from other programs.

Urgent Needs (UN) grants are to be used to help meet community development needs that (1) have arisen during the preceding 18-month period, (2) pose an imminent threat to the health or safety of the community, (3) the applicant does not have sufficient local resources, (4) where other financial resources are not available to meet such needs. Due diligence will be conducted to determine whether projects meet the above 4-part test. Urgent Needs grants will be available on an as needed basis, or until funds are exhausted. Projects will generally be funded on first request basis. If more requests are made for funding than is currently available, the Secretary of Commerce may choose to fund the project that resolves the more serious situation, regardless of the order of submission of requests.

Contingency grants may fund eligible projects submitted in any category.

Capacity Building (CB) grants of up to \$75,000 will be made available to local governments to assist non-profit organizations develop appropriate and competitive CDBG projects and gain functional capacity in a new and different role. The total amount of funds available for this program will not exceed \$600,000. Funds are available on a first-

come-first-serve basis with priority going to local governments from 21st Century Communities, Tier 1/Tier 2 Counties, and designated State Development Zones. A Capacity Building grant is expected to result in a future application in one of the CDBG categories. In 2005, Capacity Building grants will be made available from de-obligated CDBG grants and program income funds, as needed.

The NC Development Loan Fund (NCDLF), also known as the Section 108 Loan Guarantee Program, pledges future CDBG allocations as security for loans in accordance with the HUD Section 108 Loan Guarantee Program Final Rule published November 6, 1991. Applications may be submitted at any time during the year, as long as funds are available from HUD.

The maximum loan is \$5 million. The state may enter into loan guarantee agreements in support of projects sponsored by individual local governments with a minimum loan of \$750,000 or in support of loan pools of two or more projects supported by local governments with a minimum of \$250,000. Projects must meet minimum criteria with respect to equity, collateral and underwriting standards.

The **Community Development Plan Pilot Program** may provide funds of up to \$20,000 for local governments to develop comprehensive community development plans. This program would be run as a demonstration in Spring 2005 in preparation for application for future Community Revitalization grants. These plans would be applicable to all CDBG grants and would help direct local governments in their community development efforts.

Technical Assistance (TA) funds will concentrate on developing the professional skills and capabilities of local community development grant administrators. In consultation with the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, and the North Carolina Community Development Association, the Commerce Department implemented a professional certificate program for grant administrators in 2003. Participants that pass an exam will receive a certificate of completion. Possession of this professional certificate would assure local governments that the people they engage to administer community development grants meet and maintain high professional standards of knowledge, ethics and competency. DCA is working with the Institute of Government to determine the demand for a professional development academy in 2005; one may be offered for local government staff and their contract administrators if there is sufficient demand to warrant the workshop.

Monitoring Standards

The Department of Commerce must insure that grantees under the CDBG Program carry out their projects in accordance with Federal and State statutory and regulatory requirements set forth in the grant contract executed between the State and the grantee. The Department of Commerce will provide maximum feasible delegation of responsibility and authority to grantees under the CDBG program. The Department of Commerce's monitoring of CDBG grantees will be conducted in a positive, assistance-oriented manner. Whenever possible, deficiencies will be rectified through constructive discussion, negotiation and assistance, and in a manner which preserves local discretion.

The Department of Commerce will conduct two basic types of monitoring: off-site, or "desk" monitoring, and onsite monitoring. Desk monitoring is an ongoing process in which the project administrator responsible for overseeing the grantee's project uses all available information to review the grantee's performance in carrying out the approved project. Onsite monitoring is a structured review conducted by the DCA grant representative at the location where the project activities are being carried out and/or where project records are being maintained. Checklists are utilized to ensure that all issues are addressed. Documentation is gathered in order to support conclusions in response to the grantee. The number of times a project is monitored varies upon the issues that arise during the desk and onsite monitoring.

Emergency Shelter Grants (ESG) Program

The purpose of the ESG Program is to improve the quality of existing emergency shelters for the homeless, to assist with the cost of operating such shelters, to provide essential social services to the homeless and to conduct homelessness prevention activities. North Carolina's ESG Program is administered by the Office of Economic Opportunity (OEO), NC Department of Health and Human Services (DHHS).

Program Resources

It is anticipated that the State of North Carolina will receive a total ESG allocation of \$2.35 million for the period of January 1, 2005 – December 31, 2005. The State of North Carolina will distribute these funds to eligible nonprofit organizations and units of local government during its 2005 fiscal year beginning July 1, 2005 and ending June 30, 2006. Based on the performance of the State's FY 2004 ESG contractors, it is anticipated that 90% of the State's FY 2005 ESG funds will be used to pay operation costs of funded homeless facilities, 7% will be used by contractors to deliver essential services to clients and 3% will be used to conduct homeless prevention activities. North Carolina will utilize the 5% administrative set-aside allowed under program regulations to pay for a staff person responsible for coordinating and monitoring ESG Program activities statewide and to cover other non-personnel costs incurred such as travel, printing, office space, equipment, and supplies.

No program income will be earned through the operation of the ESG Program. As required by federal ESG program regulations, any organization or unit of local government receiving an award under the ESG Program must provide an equal amount of funds from one or more of the sources listed below.

- 1) the value of any donated material or building (using the current retail or fair market value of the donated item)
- 2) the value of any lease on a building (if owned); any salary paid to staff in carrying out the program
- 3) time and services contributed by volunteers through their participation in organization programs for homeless persons valued at \$5.00 per hour. Volunteer services of a professional nature (i.e., health professionals, etc.) may be claimed at a higher rate as long as documentation is provided that the rate claimed is comparable to normal compensation for that profession.
- 4) funds received for the period of grant funding from private foundations, charitable organizations, churches, local or state government programs or private individuals for support of the homeless facility or programs for the facility residents or clients.

Eligible Program Activities

Funds allocated to North Carolina by the U.S. Department of Housing and Urban Development (HUD) are awarded to units of local governments and public or private nonprofit organizations. Funds are made available statewide.

Eligible costs under **Operations** include rent, utility costs, communications, equipment, contractual services, minor building maintenance and repair, supplies and materials, and administrative salaries and fringe benefits. Contractors may also include administrative salaries and fringe benefits as costs under Operations but must limit such costs to 10% of their total ESG award. Appropriate time records must be maintained for any employee whose salary and/or fringe benefits are paid with ESG funds.

Eligible costs under **Essential Services** include housing referral, medical and psychological counseling, nutritional counseling, employment training and counseling, substance abuse treatment and counseling, child care assistance, client transportation and information and referral. Salaries and fringe benefits of personnel who deliver direct services to clients may also be included as an Essential Services expense. Costs charged to Essential Services must total no more than 30% of the contractor's total ESG award. Appropriate time records must be maintained for any employee whose salary and/or fringe benefits are paid with ESG funds. Written contracts must be approved in advance and maintained on file for services purchased by the applicant agency with ESG funds.

Homeless Prevention activities are also eligible for ESG funding. Costs of such activities may not total over 30% of the contractor's total ESG award. Prevention activities eligible for funding include security deposits, first and last month renter payments, payments to prevent eviction or foreclosure, utility deposits or delinquent utility payments. Contractors are required to maintain written documentation of the homelessness or impending homelessness of the persons who receive homeless prevention funds.

Based upon the number of unduplicated individuals served in SFY 2003 (July 1, 2003 – June 30, 2004) by State ESG contractors, it is anticipated that over 46,000 homeless persons in the state will be served with North Carolina ESG funds during the period of July 1, 2005 – June 30, 2006.

Ineligible Program Activities

The State's ESG Program does not fund construction, renovation or rehabilitation of facilities for the homeless although these activities are allowed under federal program regulations. This decision was made due to two factors. First, the limited amount of ESG funding available combined with the high costs of construction, renovation and rehabilitation would mean that a very limited number of contractors could be assisted through the program. Second, North Carolina ESG contractors have consistently stressed the need for funding to assist with the costs of operating existing shelters, providing client services and conducting homeless prevention activities.

Distribution Methods

North Carolina's process for distributing ESG funding is non-competitive. Pre-applications for funding will be distributed to previous ESG contractors (100+), county managers (100), community action agencies (43) and other interested agencies, organizations and individuals (30–50) in January of 2005. Pre-applications are posted on the OEO website (www.oeo.dhhs.state.nc.us).

Pre-applications are used to determine an applicant's eligibility for ESG funding according to set criteria. An eligible applicant must:

- document its process for verifying that clients served meet the HUD definition of "homeless"
- operate the emergency and/or transitional shelter facility for which funding is requested for at least one year prior to the date of application;
- operate the emergency and/or transitional facility for which funds are requested for a minimum of six full months out of the year;
- operate a safe and sanitary facility which:
 - if a 24 hour or Night Only facility, has an average daily occupancy (ADO) of at least six homeless persons per night; or
 - if a Day Only facility, has an APSD (average number of persons served daily) of at least 30 persons per day; and, provides one or more of the essential services defined by the U.S. Department of Housing and Urban Development.
- have an established accounting system that provides for maintenance of ESG funds in accordance with OMB Circulars A-110 and A-122;
- have a voluntary board of directors of at least five members;
- have the ability to expend ESG funds budgeted for Operations and/or Services within 365 days and ESG funds budgeted for Homeless Prevention within 180 days;
- have acceptable resources to match the ESG funding received;
- involve, to the maximum extent practicable, homeless persons in maintaining and operating facilities assisted under the ESG Program; and,
- in the case of a private, nonprofit organization, have the endorsement of the unit of local government in the community in which the emergency or transitional shelter is located.

Program staff will review pre-applications in February of 2005. Those applicants determined eligible receive an application package in mid March of 2005. Applicants will be notified of the funding amount for which they may apply in the cover letter that accompanies their application package. Factors considered when determining the funding amount for each applicant include the type of facility(ies), which the applicant operates, the average daily occupancy of the applicant's facility(ies), the total amount of funding available, and the total number of applicants approved for program funding. Application forms are posted on the OEO website (www.oeo.dhhs.state.nc.us) for easy access by approved applicants.

A contractor training session will be held in April of 2005. During this session, applicant organizations will receive training in the completion of the program's application package, financial reporting requirements and client data collection. Organizations approved to apply for ESG funding for the first time will be required to attend this session as a condition of final funding approval.

Completed ESG applications must be returned to OEO in May of 2005. Applications will be reviewed for completeness and additional information will be requested from applicants if needed. Once applications are approved and the agreement between the NC Department of Health and Human Services and the U.S. Department of Housing and Urban Development is in place, contracts are executed. The contract specifies the responsibilities of the contractor and the State, sets forth the activities to be performed utilizing ESG funding, includes an approved budget for such activities and documents the availability of matching funds. Contract execution will be completed no later than June 30, 2005. The State ESG Program year coincides with the State's fiscal year of July 1 – June 30. Applicants may request reimbursement of their ESG expenses monthly by submitting Financial Status Reports to the Office of Economic Opportunity. Funding advances are not allowed.

Program Evaluation and Monitoring

All FY 2005 ESG contractors will be subject to on-going monitoring throughout the term of the grant. The primary methods of monitoring will include:

- Review of mid-year and end-of-year contractor performance reports
- Review of contractor monthly financial status reports
- Periodic on-site monitoring, including review of randomly-selected case files; and
- On-going telephone contact with contractor staff

All ESG contractors will be required to submit mid-year and end-of-year performance reports to the Office of Economic Opportunity (OEO). These performance reports detail the unduplicated number and characteristics of clients served by contractors during the respective reporting period. They also provide OEO with information regarding the causes of homelessness reported by program clients and, if applicable, the types of services delivered to clients by contractors. Program staff review all submitted reports for accuracy and to assure that contractors are meeting program requirements regarding average daily occupancy, service delivery and verification of client homelessness. Data collected from these individual contractor performance reports is compiled into program mid-year and end-of-the year reports. These reports are distributed to ESG contractors, the North Carolina State Office of the Department of Housing and Urban Development, members of the Interagency Council for Coordinating Homeless Programs (ICCHP), the NC Department of Health and Human Services and, upon request, to other state agencies, nonprofit organizations and the general public.

On-site monitoring visits will be conducted by program staff to selected contractors throughout the program year. During these visits contractor program operations will be observed and facilities will be toured. OEO staff will review records of program expenditures to determine that all funds are being spent according to the budget approved by OEO. Randomly-selected client files will be examined to assure that eligible persons are being served and that one or more essential services are being provided to clients as required by program regulations. Contractor bylaws, board minutes, and personnel policies will be reviewed to assure that the grantee is operating properly and in compliance with all federal regulations. The program plans to monitor 10% to 15% of ESG contractors on site during 2005.

Priority for on-site monitoring is given by OEO to:

- contractors receiving ESG funds for the first time,
- contractors with fiscal, management, and/or service delivery problems identified by program staff through review of grantee reports;
- contractors for which complaints regarding their fiscal, management or service delivery performance have been received by OEO from clients, staff, volunteers and/or the general public.

Another aspect of program monitoring is frequent telephone conversations between program staff and the grantee programs throughout the grant period. Contractors call program staff throughout the year with questions about ESG regulations, program changes, grant requirements and other issues regarding their programs. Program staff also initiates telephone calls to contractors to question information contained in monthly requests for reimbursement or to investigate reports received regarding the grantee's performance.

Geographic Distribution

ESG funds are made available statewide. In the State's 2005 Program year (July 1, 2005 – June 30, 2006), it is anticipated that ESG funds will be distributed to over 100 nonprofit organizations and 3 units of local government operating emergency and/or transitional facilities in half of the State's 100 counties.

HOME Investment Partnerships (HOME) Program

In 2005 North Carolina expects to receive an allocation of approximately \$19,000,000 of federal HOME Investment Partnership Program funds, based on the previous year's allocation. State-appropriated matching funds of \$1,656,000 will also be available for the 2005 program year to fund the development of rental housing through the Rental Production Program. Ten percent of the 2005 HOME allocation and program income (approximately \$1,900,000) will be reserved for administration. The state will also receive \$1,000,000 from the American Dream Downpayment Initiative (ADDI).

Administered by the North Carolina Housing Finance Agency, the HOME Program will provide financing to nonprofit housing organizations, for-profit developers, lead regional organizations and local governments to increase the availability of standard, affordable housing in North Carolina.

Allocation of Funds

Funds will be made available through both competitive and open funding cycles. Funds will be allocated both statewide and regionally within the state based on each region's housing needs, as documented in the *2001-2005 Consolidated Plan Needs Assessment*. In 2005, the North Carolina Housing Finance Agency will not approve additional HOME Consortia, if doing so will result in a net loss of HOME funds to the State.

HOME Funding Available in 2005

Home Ownership (\$24,260,000)

- **Downpayment Assistance Program (\$260,000 in HOME and \$1,000,000 in ADDI):** Provides downpayment assistance of up to \$7,000 per unit financed with Agency Mortgage Revenue Bond first mortgage financing. Assistance is targeted to first-time homebuyers below 80% of median income.
- **New Homes Loan Pool Program (\$3,000,000):** Provides principal-only, second mortgage loans and energy use and comfort guarantees to eligible homebuyers assisted by approved "members" of the New Homes Loan Pool. Buyers receive principal-only, second mortgage financing of up to \$20,000, or 20% of the sales price, whichever is less, for the purchase of newly constructed homes in preapproved projects. In addition, members producing affordable homes that meet advanced energy-efficiency and comfort standards (under Advanced Energy Corporation's SystemVision™ program) become eligible for grants of \$5,000 per unit. Eligible applicants for membership include local governments and nonprofit organizations targeting households with incomes below 80% of the area median.
- **Self-Help Loan Pool Program (\$2,000,000):** This program provides financing up to \$15,000 per unit to self-help housing organizations. Subordinate mortgage loans at zero percent interest are provided to homebuyers who are usually below 50% of area median income. Grant funding is also available to participant organizations willing to bring the units they develop to a higher level of comfort and energy efficiency.
- **Single-Family Rehabilitation Program (\$8,000,000):** Typically, the SFR program has provided funding of up to \$500,000 to local governments, regional councils and nonprofit organizations for the comprehensive rehabilitation of single-family homes. Assistance, in the form of 20-year loans (deferred for 10 years, and then forgiven over the next 10 years), is targeted primarily to households below 50% of median income. Funds will be awarded through a competitive funding cycle. A 3-part comprehensive review of the program and the state's housing rehabilitation needs is in progress, with an eye to improving program effectiveness, efficiency and productivity. Major changes to terms of assistance and the allocation system are likely.
- **NCHFA/USDA-Rural Development Leveraging Program (\$10,000,000):** The Agency is proposing a program that allows the United States Department of Agriculture-Rural Development to originate and close Agency 30-year below-market, fixed rate mortgages in conjunction with the USDA's Section 502 direct loans to help first-time, very-low- and low-income homebuyers.

Rental Housing (\$23,200,000)

- ***Rental Production Program (\$9,700,000 in HOME allocation, \$3,300,000 from the NC Housing Trust Fund, and \$1,000,000 in State-appropriated HOME Match):*** Provides loans of up to \$1 million per project (this may be exceeded in some cases) for the production of rental housing for households primarily below 50% of median income. Funds will be awarded through a competitive funding cycle. Typically funds are used in conjunction with our Federal and State Housing Credit programs.
- ***Rental Preservation Loan Program (\$10,000,000):*** The Agency is proposing a loan program to rehabilitate affordable apartments. The purpose of this program will primarily be to maintain current affordable units, but may also be used to create additional affordable units. This program would target the large number of rental developments in the state that would benefit from capital improvements but do not qualify for the Agency's existing programs. These tend to be smaller properties in non-metropolitan areas. Eligible uses of the funds may include the replacing outdated major systems (such as HVAC), meeting federal accessibility requirements, and restructuring high interest-rate debt. Agency construction standards will apply. If refinancing is necessary, the following requirements will apply: a minimum of \$1,000 per unit of rehabilitation work; a review of management practices to demonstrate that disinvestment in the property has not occurred, that the long-term needs of the property can be met, and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated; a period of affordability of at least 15 years; the investment of HOME funds will be available state-wide; and HOME funds cannot be used to refinance multifamily loans made or insured by any Federal programs, including CDBG.
- ***Supportive Housing Development Program (\$3,500,000 in HOME allocation and \$1,500,000 from the NC Housing Trust Fund):*** This program provides loans of up to \$500,000 per project for the development of transitional or permanent supportive housing. Assistance is targeted primarily to households below 30% of area median income with special needs. Eligible populations include homeless individuals and families, mentally ill, developmentally disabled, persons with addiction disorders, survivors of domestic violence, and persons with HIV/AIDS. Eligible applicants are nonprofits and units of local government.

Recapture Provisions

Housing rehabilitation loans under the Single Family Rehabilitation Program will be provided as forgivable, deferred-payment loans, which will be forgiven on a pro rata basis over the life of the loan.

Home buyer loan subsidies available under the New Homes Loan Pool and Downpayment Assistance Program will be provided as subordinate deferred-payment loans that are not forgiven. Home buyer loans under the Self-Help Loan Pool will be provided as principal-only amortizing loans. Loans under all home buyer programs will be due and payable (1) when the property is sold, (2) when the property is no longer the home buyer's principal residence, (3) at the end of the loan term, or (4) when the first mortgage is refinanced. If the net proceeds of the sale of the property are insufficient to repay the home buyer loans in full, the Agency will accept its pro rata share of the net proceeds in full satisfaction of the loan.

Loans for rental housing production and rehabilitation will be provided as permanent, low-interest amortizing mortgage loans with a 20-year term and an interest rate based on project needs.

Affirmative Marketing

The State has adopted procedures consistent with the requirements of affirmative marketing under 24 CFR Part 92.351(a) and (b). Recipients and subrecipients of HOME funding must certify that they have developed and adopted affirmative marketing procedures for HOME-assisted housing containing five or more units. In both rental and home ownership situations, the Agency works to address impediments to administering the HOME Program. In addition, the Agency reviews marketing plans as part of its application review process and provides training to rental property managers on a regular basis.

Minority Outreach

The Department of Administration is charged with implementing outreach programs to minority- and women-owned businesses. The Department's staff maintains current listings of minority- and women-owned businesses, services and suppliers, and provides comprehensive and continuing assistance to support them. The Department also acts to provide assistance in cases of discrimination. The North Carolina Housing Finance Agency will work with the Department of Administration and its HOME funds recipients to meet the requirements of the HOME program regarding minority outreach.

Method of Distribution Table for State Projects

<i>Distribution Method</i>	<i>Minimum Amount</i>	<i>Maximum Amount</i>
Competitive (Rental Production Program, Rental Preservation Loan Program, Single Family Rehabilitation Program, Supportive Housing Development Program)	\$31,200,000	\$31,200,000
Formula	\$0	\$0
Noncompetitive (Downpayment Assistance Program which will utilize ADDI funding in addition to HOME funding, NCHFA/USDA-Rural Development Leveraging Program, New Homes Loan Pool Program, Self-Help Loan Pool Program)	\$16,260,000	\$16,260,000
State Administration of Program	\$1,900,000	\$1,900,000

Monitoring Standards

The administration of HOME funds by the State of North Carolina is carried out in accordance with all relevant statutory and nonstatutory rules and regulations. The State monitors all HOME recipients to ensure full compliance with program requirements. Monitoring procedures vary under the HOME Program by eligible activity.

In all cases, visits are used to provide technical assistance to recipients on compliance and program administration issues. Issues of compliance are also addressed during the application phase, when site and application reviews allow staff to identify ineligible projects and uses of funds.

General Compliance

Program officers assigned to individual projects are responsible for monitoring ongoing compliance with Environmental Review, Davis-Bacon, and fair housing requirements as well as specific program requirements and the certifications contained within this plan.

Home Ownership

Under home ownership programs, each home buyer's transaction is reviewed to ensure eligibility. These transactions must undergo a full underwriting prior to loan approval. HOME loans are assigned to the North Carolina Housing Finance Agency. For these loans, Agency loan servicing staff monitor the loan throughout its term for compliance with repayment and recapture requirements and restrictions.

Housing Rehabilitation

All draw requests are reviewed by Agency staff prior to the release of funds. Quarterly reports and comprehensive completion reports are also required and reviewed by Agency staff. Onsite monitoring and technical assistance visits are made to all recipients. These monitoring visits focus on compliance with all relevant state and federal regulations. In addition, staff visits are designed to help improve project efficiency and to ensure uniformly appropriate and high quality rehabilitation work.

Rental Production

These funds are typically loaned to nonprofit and for-profit developers. Loan underwriting includes a subsidy layering review. Cost certifications are received prior to permanent loan closing and reviewed by Agency staff. All projects are inspected at completion of framing and prior to the loan closing. In addition, Agency staff makes annual onsite monitoring visits. These visits are not only to check for ongoing compliance with project management, tenant eligibility, fair housing rules and other program requirements, but also to review the property's physical condition and audit records, and to address issues of noncompliance.

Supportive Housing

These funds are loaned to nonprofit organizations and local governments. Loan underwriting includes a subsidy layering review. Cost certifications are received prior to permanent loan closing and reviewed by Agency staff. All projects are inspected prior to the loan closing. In addition, Agency staff makes annual onsite monitoring visits. These visits are not only to check for ongoing compliance with project management, tenant eligibility, fair housing rules and other program requirements, but also to review the property's physical condition and audit records, and to address issues of noncompliance.

ADDI Program

The American Dream Downpayment Initiative (ADDI) program is a new program funded by HUD. The funds must be used exclusively for downpayment assistance for first-time homebuyers. The N.C. Housing Finance Agency is using these program funds to fund its Downpayment Assistance Program, in which eligible homebuyers using the Mortgage Revenue Bond Program for primary financing receive a zero-interest, deferred second mortgage of up to \$7,000 per household.

Outreach

In order to reach out to households who could benefit from this ADDI funding, the Agency will be emailing and sending mailings to its distribution lists of affordable housing providers and organizations, including Public Housing Authorities. It will make a special effort to inform those organizations and financial institutions who serve counties with particularly high percentages of renters occupying mobile homes. It will discuss the ADDI-funded Downpayment Assistance Program in regional meetings held around the state. The Agency will be developing a new website during 2004 and will post information about the ADDI-funded program on the website after its completion. Additionally, in its statewide communication efforts with Open-Net Public Broadcasting, the Agency will advertise the availability of the ADDI-funded program.

Suitability

The N.C. Housing Finance Agency wants the households served with the ADDI-funded Downpayment Assistance Program (DAP) to be adequately trained and prepared to undertake and maintain homeownership. Recipients of funding under the DAP program, which will be funded in part with ADDI funds, must meet the underwriting standards of the Agency's Mortgage Revenue Bond program, and all are required to complete homebuyer training prior to the home purchase. In addition, the Agency will continue to inform organizations in the homebuyer education and counseling network of the availability of the program.

2005 HOPWA Performance Report

The purpose of the Housing Opportunities for Persons with AIDS (HOPWA) Program is to devise long-term comprehensive strategies for meeting the housing needs of persons living with acquired immunodeficiency syndrome (AIDS) or related diseases and their families. HOPWA is funded by the U.S. Department of Housing and Urban Development (HUD) and administered on a statewide level by the AIDS Care Unit, HIV/STD Prevention and Care Branch, North Carolina Department of Health and Human Services, Division of Public Health.

Originally, HOPWA funds were used solely for emergency rent, mortgage and utility payments. Currently, the program provides funds to family care homes, adult day care/day health service centers, HIV CARE Consortia, housing authorities, and other nonprofit agencies that provide housing and related services to persons living with HIV/AIDS.

Program Funding

North Carolina's FY 2005 HOPWA allocation is \$2,082,000 for the period March 2005 – February 2006. The HOPWA Program receives annual funding, which can be spent over a three-year period. Program funds will be awarded to current providers with continuation funding.

The AIDS Care Unit has not ruled out supporting new initiatives in the future. However, if there is a shortage of funds, the AIDS Care Unit will give priority to supporting current providers with continuation funding as opposed to providing funding for new initiatives.

The following overarching considerations apply to all HOPWA funded initiatives:

1. Funds should be distributed throughout the State, both in urban and rural areas.
2. Funds should go to agencies with the capacity to successfully operate the housing programs they initiate.
3. HOPWA-funded programs should be client centered.

The following chart indicates exactly how much funding was devoted to each activity in FY 2005.

FY 2005 HOPWA Allocation

ACTIVITY	Number of Projects	FUNDING LEVEL
Adult Day Care and Adult Day Health Services Centers	2	\$ 150,000
Family Care Homes	2	\$ 150,000
HIV Care Consortia	11	\$ 1,409,994
Tenant Based Rental Assistance	5	\$ 107,384
Project Increases/New Programming		\$ 202,162
State Administration/ACU		\$ 62,460
TOTAL		\$ 2,082,000

FY 2005 HOPWA providers were awarded funds for the following housing related activities:

- **Adult Day Care and Day Health Services Centers** - **Adult day care and adult day health services centers provide needed respite to caregivers, allowing them to remain employed during the period that they are caring for loved ones. In addition, adult day care centers provide essential outpatient health and support services to persons living with HIV/AIDS and their families.**
- **Family Care Homes** - HIV family care homes (group homes) provide twenty-four (24) hour care for persons in the acute stages of the illness that cannot provide for themselves adequately in an independent living situation.

- ***Client-Based Support Services*** - *Client-Based Support Services are provided by the HIV Care Consortia, which includes emergency housing assistance, and support services for individuals and families to remain in their own homes. There are 11 HIV Care Consortia, which service all of North Carolina's 100 counties.*
- ***Tenant Based Rental Assistance*** - *Tenant based rental assistance activities are awarded to housing authorities/non-profit agencies that provide rental assistance for persons with HIV/AIDS and their families.*

The HOPWA program expects to engage in a planning and needs assessment process during the coming year to determine future directions for HOPWA fund allocations. In addition, the program will consider utilizing funds on a non-continuing basis to encourage the development of additional housing units for special needs populations (i.e., those who are infected with HIV/AIDS and their families).

Program Accomplishments

- Collaborative meetings have taken place with the state HOPWA program and the MSAs to allow for consistency among administration of the HOPWA program. In addition, technical assistance has been provided by the Supportive Housing Collaborative at these meetings.
- AIDS Housing of Washington will complete the HOPWA needs assessment process in October 2004. This process will yield a NC State Housing Plan for persons living with HIV/AIDS.

Public Participation

In drafting, reviewing and implementing the activities in the Consolidated Plan, the four agencies have solicited feedback and input from the public, namely its beneficiaries and those who implement their programs. In reviewing the public participation associated with the 2005 Annual Action Plan, the following were considered:

- Public Housing Authorities
- Consultations
- Other Opportunities for Feedback
- Public Hearing
- Public Comments and Agency Responses



Public Housing Authorities

Because there is no state housing authority in North Carolina, the State is not required to complete this section. However, the Consolidated Plan partner agencies will facilitate ongoing communication through consultations and other meetings with Public Housing Authorities, in an effort to assess their needs and the needs of the clients they serve. Along with guidance from the U.S. Department of Housing and Urban Development, the Division of Community Assistance will certify that future Public Housing Authority five-year and annual Consolidated Plans are consistent with the priorities and contents of the 2001-2005 Consolidated Plan prepared pursuant to 24 CFR Part 91.

Consultations:

In August of 2004, the North Carolina Housing Finance Agency (HFA), the North Carolina Justice and Community Development Center, and the North Carolina Housing Coalition consulted with housing counseling and nonprofit organizations, community development corporations, Government Sponsored Enterprises, mortgage insurers, lenders, loan servicers, legal aid staff, and trade associations about foreclosures in North Carolina. The consultation concerned the delivery of loss mitigation housing counseling, and how the state could strategically implement a foreclosure prevention program in areas faced with economic downturn. The group produced specific ideas about ways to expand best practices, including suggested strategies for the North Carolina Home Protection Pilot Program and Loan Fund.

In September of 2004, HFA staff met with staff from the Single Family Housing Program at the United States Department of Agriculture (USDA) – Rural Development office in Raleigh in order to design a leveraging program that enabled both organizations to use their funding more effectively. The program that was developed as a result of this meeting allows USDA-Rural Development (the lender) to originate and close HFA 30-year fixed-rate mortgages in conjunction with the lender's Section 502 Direct loans to help first-time lower-income homebuyers.

Other Opportunities for Feedback

This section lists events that were planned to provide input for the development of the 2005 Annual Action Plan as well as events that are planned to provide input for the upcoming Five-Year Strategic Consolidated Plan.

- The Division of Community Assistance (DCA) solicited feedback from members of its Community Development Council in September 2004. At this meeting, information was presented regarding 2005 CDBG Action Plan.
- DCA held forums throughout the state in order to receive feedback from local administrators, non-profits, Councils of Government, and consultants regarding its programs. During these forums, information about the 2005 Action Plan was discussed and comment received.
- DCA held a public hearing in March on the 2005 CDBG Investment Plan, made those copies available to the public, and received comment.
- The North Carolina Housing Finance Agency solicited feedback about the upcoming Five-Year Strategic Consolidated Plan from those who attended the NCHFA's annual Housing Forum, which occurred on October

5, 2004. The two agencies also presented data about the housing needs of North Carolina residents in preparation for the upcoming Five-Year Strategic Consolidated Plan.

- The Division of Community Assistance and the North Carolina Housing Finance Agency conducted fifteen public meetings as outreach for the housing needs and market analysis portion of the upcoming *North Carolina Consolidated Plan 2006 to 2010*. At these meetings region-specific needs and market data will be presented and feedback and suggestions will be solicited. NCHFA and DCA were able to gain insights into county-by-county housing needs and market data, and learned about non-traditional and locally created data sources.
- The Office of Economic Opportunity provides information regarding web access to the plan to over 130 organizations and units of local government in the state receiving Emergency Shelter Grants (ESG) Program funding and to the state's 47 Community Action Agencies. Copies of the plan will also be distributed to interested agencies and organizations on the state's Interagency Council on Coordinating Homeless Programs (ICCHP).

Public Hearing

A public hearing on the 2005 Annual Action Plan was held on Thursday, October 7, 2004. The location was the Methodist Building in Raleigh, NC, where the central office for DCA is located. In order to provide plan and program reports, as well as to address questions and comments regarding specific programs, staff from each of the four partner agencies was in attendance.

Vickie Miller called the hearing to order at 12:10 p.m. by stating that the purpose of the meeting was to present the 2005 Consolidated Annual Action Plan and receive comments. She then introduced representatives of the four partner agencies and asked members of the public to introduce themselves. A DCA staff member outlined the housing portion of the plan to those in attendance. Each agency then presented its portion of the plan. After all components of the plan were presented, Vickie Miller opened the hearing for comments from the public. Five members of the public then made comments and the hearing was adjourned at 1:30 pm. The comments have been included in the following section. The attendance sheet for this hearing is attached.

Public Comments: Submissions and Responses

The comments below are organized according to the subject matter of the comments received. Comments from multiple persons on the same subject have been condensed.

Subject: Put more CDBG money into homeownership

Summary of Comments: It is suggested that the North Carolina Division of Community Assistance put more money into homeownership programs, rather than rental assistance and rehab. Homeownership programs must have controls on them so that homes do not deteriorate. Many towns have problems when single family residences transition from owner-occupied to rental and are bought by slumlords. This spreads like a cancer through the town and leads to many problems. A definite need for rental housing across the state was acknowledged, but they have to be properly managed so they do not deteriorate. The rent-to-own homeownership demonstration program in Troy is working very well. The Division of Community Assistance (DCA) should consider using Community Development Block Grant (CDBG) funds for bricks and mortar construction of new homes. The local government can partner with a non-profit to build the structures, it is allowed under Department of Housing and Urban Development regulations. It was mentioned that sixteen communities have passed and signed on to a resolution requesting that the Division of Community Assistance take this step. The City of Lumberton is very interested in doing a program similar to Troy's. Often the city will condemn and destroy houses that are unsafe, but without funds such as CDBG to build new structures on the now vacant lots many of the problems in the neighborhood are not solved.

Response: The Division of Community Assistance, through the CDBG program, continues to support homeownership. The Division views achievement of the dream of homeownership as a vital piece of its mission to improve the lives of all North Carolinians. Under the current five-year Consolidated Plan, homeownership, and assistance to existing homeowners, is a component of a majority of DCA's CDBG programs, including Concentrated Needs, Scattered Site Housing, Housing Development, and the Individual Development Account category. As DCA moves with its Consolidated Plan partners through the process of creating a new five-year Consolidated Plan in 2005, evaluation of its

homeownership programs will take place and new strategies to increase homeownership may be developed. The Division welcomes the feedback of all interested stakeholders during this process.

Subject: Make major changes to CDBG Scattered Site Housing program

Summary of Comments: DCA should look into requiring a financial responsibility component for homes that are rehabilitated in the Scattered Site Housing program. Furthermore, the Scattered Site program needs to be re-evaluated because it is not enough money to do enough substantial rehabilitation to make a major difference in neighborhoods and the money is spread too thin. One commenter suggested that the Scattered Site Housing program be phased out for the above reason and also because the Concentrated Needs guidelines have been changed to better reflect differing regional needs, and that the Scattered Site money should be moved to Concentrated Needs or Revitalization Strategies.

Response: The Scattered Site program has seen many changes over the last five years, and the Division of Community Assistance will continue to make improvements in order to best serve the residents of North Carolina. DCA, along with its Consolidated Plan partners, is currently going through the process of creating a new five-year Consolidated Plan in 2005. Part of this process includes evaluation of its programs and new strategies to combat poverty and improve the lives of all North Carolinians. The Division welcomes the feedback of all interested stakeholders during this process and asks that further input be submitted during public comment periods for the Consolidated Plan.

Subject: Community Development Plan Pilot and Foreclosure Assistance are positive steps

Summary of Comments: The Division of Community Assistance's Community Development Plan pilot scheduled for implementation in 2005 is to be applauded. Also, the Housing Finance Agency's new programs such as foreclosure assistance and housing counseling support are helping the state's poorest people.

Response: DCA is looking forward to rolling out the Community Development Plan pilot, and believes it will greatly assist communities to better plan for upcoming opportunities and meet needs in a more efficient manner. The Housing Finance Agency appreciates the positive feedback on its new programs.

Written and Oral Comments: Submissions and Responses

The Division of Community Assistance accepted written comments on the 2005 Consolidated Annual Action Plan from September 23, 2004 to October 22, 2004. Nineteen written comments were submitted. The comments and subsequent responses are summarized below.

Subject: Put more CDBG money into homeownership

Summary of Comments: Fifteen municipalities across North Carolina have adopted resolutions asking that state and federal officials consider changing regulations to the Community Development Block Grant (CDBG) to allow local governments to use CDBG funds for new construction of homes. These funds would be used as other federal funds were for home construction in the Town of Troy's Rent-to-Own demonstration project. The fifteen municipalities are Apex, Brevard, Dobbins Heights, Four Oaks, Lawndale, Lumberton, Monroe, Princeton, Roanoke Rapids, Shelby, Troy, Tryon, Valdese, Wingate, and Yadkinville. In addition, a comment made by phone from State Representative Pryor Gibson pledged support for the Town of Troy's rent-to-own homeownership demonstration project, and for the Division of Community Assistance to continue to investigate ways for Community Development Block Grant funds to support this project and others like it across the state.

Response: The Division of Community Assistance welcomes the comments and support of these municipalities. Through the CDBG program, DCA will continue to support homeownership. The Division views achievement of the dream of homeownership as a vital piece of its mission to improve the lives of all North Carolinians. Under the current five-year Consolidated Plan, homeownership assistance is a component of a majority of DCA's CDBG programs, including Concentrated Needs, Scattered Site, Housing Development, and the Individual Development Account category. As DCA moves with its Consolidated Plan partners through the process of creating a new five-year Consolidated Plan in 2005, evaluation of its homeownership programs will take place and new strategies to increase homeownership will be developed. The Division welcomes the feedback of all interested stakeholders and municipalities during this process. One of these resolutions has been attached below as an example.

Subject: Protect CDBG funding for the Individual Development Account program

Summary of Comments: Two comments were received, one from Shayna Simpson-Hall, Executive Director of the North Carolina IDA and Asset Building Collaborative and one from Dan Kornelis, Housing Director for Forsyth

County, regarding a concern about funding for DCA's Individual Development Account (IDA) program. Due to possible restructuring of funds to assist storm damaged communities in the western part of the state, these comments addressed the fact that IDAs are funded through de-obligated funds and that those funds may be diverted for Urgent Needs. They stated that the IDA program is growing and gaining momentum in making a positive contribution to many people's lives across the state and that IDAs should now be granted a dedicated funding source.

Response: For the 2005 program year, DCA has dedicated \$200,000 in Housing Development (HD) homeownership funds for the IDA program, as well as any de-obligated HD funds during the 2005 program year.

Subject: Provide funding for straight piping and failed septic tank elimination

Summary of Comments: Two comments were received by DCA, one from Karen Smith, Director of Davie County Social Services, and another from Jeff Beauchamp of the Environmental Health Section of the Davie County Health Department, stressing the need for assistance to eliminate straight piping and improve or remove failing septic systems on a scattered site basis. There is a great demand for this type of project in Davie County for residents on septic systems that are no longer functioning and cannot afford to make repairs themselves.

Response: The Straight Piping Elimination category is seen as important to DCA and has seen success on a demonstration basis. Unfortunately, demand for CDBG Infrastructure funds is great at this time. DCA has made a change to the method of distribution to allow for the Straight Piping Elimination category to be funded from de-obligated funds in the 2005 program year.

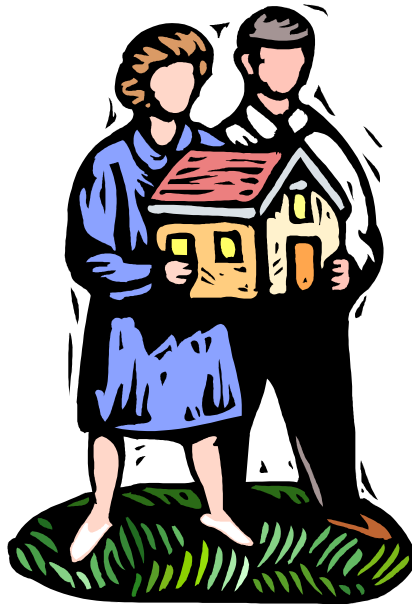
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2005 North Carolina Consolidated Plan



Applications and Certifications